LICENCE TO KILL?

How the Unholy Trinity -
the World Bank, the International Monetary Fund
and the World Trade Organisation
are killing livelihoods, environment
and democracy in India

Research Foundation for Science, Technology and Ecology
INDIA

LICENCE TO KILL

How the Unholy Trinity - the World Bank, the International Monetary Fund and the World Trade Organisation - are killing livelihoods, environment and democracy in India

Dr. Vandana Shiva

Afsar H.Jafri

Ashok Emani

Shalini Bhutani

Margaret Antony

Urvashi Prasad

Research Foundation for Science, Technology and Ecology
New Delhi, INDIA

Licence to Kill?
How the Unholy Trinity - the World Bank, the International Monetary Fund and the World Trade Organisation - are killing livelihoods, environment and democracy in India

First published in March, 2000

Compiled by
Dr. Vandana Shiva
Afsar H. Jafri
Ashok Emani
Shalini Bhutani
Margaret Antony
Urvashi Prasad

Cover Design
Kalpana Printing House
Cover Photograph by
Raghu Rai, Photo of the Child Victim of the Bhopal Gas Tragedy

Published by
Research Foundation for Science, Technology and Ecology
A-60 Hauz Khas
New Delhi - 110 016 India
Tel: 91 11 696 8077
Fax: 91 11 685 6795
E-mail: vshiva@giasdl01.vsnl.net.in
Website: www.vshiva.org

Printed by
Kalpana Printing House
L-4 Green Park Extension
New Delhi-110016 India

LICENCE TO KILL

The State-dominated development of Independent India has often been defined as the "licence raj" (rule based on licences) in which business and industry had to get licences for imports, exports and production and the global corporations were kept out of vital sectors such as food and agriculture, financial services, social sectors and infrastructure development.

The processes of globalisation unleashed by the Unholy Trinity - the World Bank, the International Monetary Fund and the World Trade Organisation - through the Structural Adjustment Policies and free trade rules are dismantling the license raj for business and industry and creating free markets for global corporations. However they are simultaneously over-regulating the poor with farmers needing licenses for the seeds they plant, street vendors needing licenses to sell food, the small-scale and cottage industry needing licenses to continue production of foods for the local economy. The free trade systems of the small producers and poor consumers are being dismantled and being made illegal in order to create free trade systems for big business and global corporations.

The license raj has not disappeared. Instead of States regulating corporations, global corporations are regulating our governments and threatening our lives and livelihoods.

It is now the raj of global corporations and in this new license raj corporations have the license to kill - our livelihoods, our environment and our democracy.

This report of the assessment of the impact of a decade of trade liberalisation and globalisation policies in India, documents the disastrous consequences of the policies of the Unholy Trinity. If ten years could cause so much destruction, how many more lives will be sacrificed if globalisation continues unabated and unchallenged?

The report is dedicated to millions whose lives are being sacrificed to this new raj and to the millions more who struggle to defend their lives and livelihoods and strive to create alternatives based on justice, sustainability and dignity for all.

Contents

1. **The Unholy Trinity** **5**
   How the World Bank, IMF and WTO work together to destroy livelihood, environment and democracy in India
2. **Killing the Domestic Economy through Trade and Investment Liberalisation** **12**
   How globalisation enlarges debt and increases trade deficts
3. **Killing Employment** **22**
   How globalisation is destroying livelihoods and jobs
4. **Killing Food Security** **28**
   How globalisation destroys agriculture and food rights
5. **Power and Infrastructure** **40**
6. **Trade Liberalisation and Impact on the Environment** **43**
7. **Killing Environmental Rights** **45**
   How globalisation is leading to privatisation of water
8. **Hazard to Health** **59**
9. **Killing Learning** **64**
   How globalisation is commercialising education
10. **Killing the E-way** **68**
    How globalisation promotes information technology to displace local economies, knowledge and culture
11. **Killing Knowledge** **71**
    How globalisation is promoting intellectual piracy and creating monopolies
12. **Killing Democracy** **81**
    How globalisation undermines democratic governance

1

THE UNHOLY TRINITY

How the WB, IMF and WTO Work Together to Destroy Livelihoods, Environment and Democracy in India

Corporatisation, Globalisation and Trade Liberalisation - whatever the name given - is a process for destroying or freezing employment, destroying the environment, hijacking public wealth; both in the form of natural resources and assets, subverting democracy and usurping power. Today national governance aimed at 'creating welfare economies' is being replaced by 'corporate governance' institutionalised through the World Bank, IMF and WTO, aimed at 'robbing the wealth of the people', with the 'greed of corporates' replacing the 'needs of citizens' as the principle for governance. Consequently, there has been a growing divide between the rich and the poor, most drastically reflected in the developing regions of the South and countries like India.

World Bank, IMF and WTO: The Unholy Nexus

While globalisation has been called a natural and inevitable phenomena, it is in fact engineered by the three Bretton Woods institutions - the World Bank, IMF and the WTO - for the benefit of private global corporates. While couched in the language of "liberalisation" or reform, the policies of the unholy trinity ensured that 'the rich become richer' with complete indifference to the fact that in the process 'the poor become poorer'. While the World Bank and IMF prepare the solid foundation for globalisation in the form of 'Structural Adjustment Programs' which weakens domestic economies the WTO free trade rules complete and complement the process of globalisation.

Market Expansion Worsening Inequities

Today globalisation is being driven by market expansion - opening national borders to trade, capital, information - outpacing governance of these markets and ignoring their repercussions for people. Many activities and goods that are critical to human development and can only be provided outside the market logic are being squeezed out by the pressures of so called global competition. There is a fiscal squeeze on public goods, a time squeeze on care activities and an incentive squeeze on the environment. As the market goes too far in dominating social and political outcomes, the opportunities of globalisation spread unequally and inequitably - concentrating power and wealth in a select group of people, nations and corporations, marginalising others (Human Development Report, Oxford, 1999).

In this context, it is not suprising that inequities both between and within nations has increased tremendously over the 'globalisation era' of the nineties. The income gap between the fifth of the world's people living in the richest countries and the fifth in the poorest was 74 to 1 in 1997, up from 60 to 1 in 1990 and 30 to 1 in 1960.

By the late 1990s the fifth of the world's people living in the highest income countries had:

* **86% of world GDP - the bottom fifth just 1%.**
* **82% of world export markets - the bottom fifth just 1%.**
* **68% of foreign direct investment - the bottom fifth just 1%.**
* **74% of world telephone lines - the bottom fifth just 1.5%.**

Correspondingly, there has been an increasing concentration of income, resources and wealth among people, corporations and countries:

* OECD countries, with 19% of the global population, have 71% of global trade in goods and services, 58% of foreign direct investment and 91% of all Internet users.
* The world's 200 richest people more than doubled their net worth in the four years to 1998, to more than $1 trillion. The assets of the top three billionaires are more than the combined GNP of all least developed countries and their 600 million people.
* The recent wave of mergers and acquisitions is concentrating industrial power in megacorporations - at the risk of eroding competition. By 1998 the top ten companies in pesticides controlled 85% of a $31 billion global market - the top 10 in telecommunications, 86% of a $262 billion market.
* In 1993 just 10 countries accounted for 84% of global research and development expenditures and controlled 95% of the US patents of the past two decades. Moreover, more than 80% of patents granted in developing countries belong to the residents of industrial countries (*Human Development Report, Oxford, 1999*).

India's Incomplete Freedom Agenda

India attained freedom from the colonisation that had 'looted the wealth of her people and left the nation in shambles' in 1947. The Bengal Famine of 1942, which killed 2 million people, was a product of the free trade systems of British rule. The Thebaga Movement was the peoples' response to the genocidal injustice of colonial rule. The slavery found in the indigo plantations that led to the Champaean Satyagraha was a product of the rights of peasants and producers being extinguished. These systems of dispossession typical of colonial rule and disenfranchisement are being put back in place under globalisation. The founding fathers of Independent India sought to heal the wounds of the colonial period through the Indian Constitution, which commits the nation to development with equity. Through a committed policy for the attainment of self-sufficiency and the protection of sovereignty, the country was able to make major progresses in almost all sectors of development. The role of the Government in the development process was recognised as crucial in order to ensure that the fruits of economic growth are distributed evenly and do not bypass the poor of the country. In certain cases the government took over the sovereignty from people and local communities. The incomplete task of independence was to hand power to people and decentralise power including economic power and redefine sovereignty as peoples' sovereignty, not just state sovereignty. Today, under the dictates of external agencies, the people are forgotten. The sovereignty of the nation and the equity of its development programmes are being sacrificed at the altar of globalisation.

India vs. Bharat: The Deepening Divide

India fell into the traps of the 'corporate dominated' world order in the early nineties following the oil crisis that spurted off from the Gulf War. The sharp decline in her forex reserves, among the several reasons of which one was the withdrawal of NRI deposits, compelled the Government to approach the World Bank and IMF for financial assistance to recover from the Balance of Payments crisis. This set the stage for the imposition of a series of conditionalities that ensured the setting up of an investor friendly environment in the state through various policy dictates aimed at 'liberalisation and globalisation'. The strategy set out by the World Bank and IMF creates a situation of indebtedness through the funding of various development sectors and then, forces the concerned

End of the "License Raj"

The Indian economy has been opened up considerably since the reforms were first initiated in 1991. Industrial licensing, which had throttled economic growth, has been abolished except in some sensitive areas like defense and nuclear power.

After nearly two decades of xenophobic hostility - during which time multinational companies were actually driven out of the country - virtually all restrictions on foreign investment were lifted. This included direct investment in infrastructure sectors like telecommunications, power and roads (formerly the exclusive preserve of state-owned domestic companies) as well as portfolio investment. Foreign direct investment has grown from $81 million in 1991 to $2.5 billion in 1999.

But action has been slow in areas like insurance, while privatisation in India has lagged behind the aggressive programs of many other countries. The new government of Prime Minister Atal Behari Vajpayee has promised, however, to complete the unfinished business. It has introduced a bill in Parliament that would allow both Indian private-sector and foreign investments into the insurance sector, and it has also vowed to sell off many of the country's large state-owned companies in sectors including aviation and petrochemicals.

(Ratan Tata, Chairman, Tata Sons, Outlook, 2000, Anderson Consulting)

country to go in for privatisation. By forcing the country to open up and making it dependent on 'world markets', the World Bank and IMF set the stage for 'corporate takeover' through the WTO. In India, this process of takeover was complete in 1995 when the country submitted itself to being a member of the newly formed WTO following the conclusion of the Uruguay Round of talks. This was despite the fact that there were wide protests throughout the country against the selling off of the nation's sovereignty.

Since then the country has carried out a phase of reforms that affect the sustenance of millions in the country, while putting the country at the mercy of global corporates. Almost a decade after the initiation of reforms, the country has little to show by way of progress. Funding from external agencies have been replaced by short-term private capital flows, domestic markets are being flooded with imported and dumped goods; threatening the livelihoods of millions in the country and destroying the nation's productive base, the gap between the rich and the poor has been widening while the numbers of the poor has increased. The latest country economic report of the World Bank, ironically, admits the failure in the reform process. Poverty is shown to have not declined, while there has been a sharp deceleration in the real wages of agricultural labourers. The statistics of the World Bank shows that even without reform some states have performed better than the others. Thus, literacy and health indicators improved more rapidly during the Nineties in a 'non-reforming' West Bengal than in 'reforming' Andhra Pradesh. And West Bengal recorded a higher than average growth in per capita income while Andhra Pradesh's performance was lower than the national average (The Hindu, February 26, 2000).

Tyrannical Policies in the Guise of Development Assistance

The Structural Adjustment Programme and other conditionalities imposed upon developing countries by the twin agencies of the World Bank and the IMF far from correcting macro-economic imbalances have succeeded in robbing the wealth of developing nations and paralysing them in the race for economic growth. The pattern of World Bank funding in various development projects reveals the 'corporate link' in development assistance. Between 1989 and 1999, the total amount

received from the World Bank for active projects in the various development arenas amounted to US$ 5,940. Of this 50.32 percent went for funding projects in the Power and Transportation sectors alone which provide an infrastructural subsidy to global commerce. 13.59 per cent of the total funding went into Water and Sanitation projects with privatisation as a strong conditionality, 11.68 per cent to Finance, 4.49 per cent to Environment related projects and just 3.32 per cent to Agriculture related projects. What is disturbing is the fact that while the various active agricultural and rural development projects received just 3.32 per cent of the total funding in active projects, 5.07 per cent of the allocation went for the economic restructuring of the state of Andhra Pradesh alone. And even the national agricultural technology project is not people oriented. It will be used to promote bio-technology and provide market entry to bio-tech corporations.

Statement of International Bank for Reconstruction & Development Loans (in millions of US$)

FY of Approval	Project Name	Original Commitment
1989	Naphta Jhakri Power	485
1989	Northern Region Transmission	485
1990	Agric. Development I (Tamil Nadu)	20
1991	Industrial Pollution Control	124
1991	National Highways I	153
1993	Power Grid System Development Project	350
1993	NTPC Power Generation	400
1994	Container Transport	94
1995	Industrial Pollution Prevention	50
1995	Industrial Pollution Prevention	93
1995	Financial Sector Development	144
1995	Financial Sector Development	350
1995	Madras Water Supply II	270
1996	U.P. Rural Water	60
1996	Bombay Sewage Disposal	167
1996	Infrastructure Leasing & Finace System-Infrastructure Finance	200
1996	Orissa Power Sector	350
1997	A.P. Emergency Cyclone	50
1997	T.A. States' Road Infrastructure Devel.	52
1997	A.P. Irrigation III	175
1997	State Highways (A.P)	350
1998	Harayana Power APL I	60
1998	National Agricultural Technology	97
1998	Coal Sector Rehabilitation	530
1998	A.P. Economic Restructuring	301
1998	U.P. Diversified Ag. Support	80
1999	Power Sector Restructuring Programme in A.P.	210
1999	2nd Tamil Nadu Urban Development Fund	105
1999	Integrated Watershed Hills II	135
	TOTAL:	**5940**

Source: World Bank, 2000.

The Motive

The concentration of funding in the Power sector in itself provides the explanation of the Bank's motives. Given the experience of the World Bank in the privatisation of the power sector, a large portion of the borrowed money would flow back as consultancy fee to the World Bank's own consultants and to Energy corporations of the North. Here, it may be noted that the World Bank has been playing a comprehensive role in the privatisation of the power sector in India - starting with the conceptualisation of the privatisation process by funding the consultancy needed for this purpose to the future funding of the private power projects themselves. In other words, the World Bank would like to create the very institutional structures with which it would have to deal in India later for the commercial funding of power sector projects in the country (Indian Express, June 22, 1993). This in fact outlines the Bank's motives in development funding the world over.

On similar lines, the International Finance Corporation (IFC), a member of the World Bank Group and the world's largest source of loan and equity financing for private investment in developing countries finances private sector projects, without government guarantees, by investing its own resources, making loans and by mobilising funds in the international capital markets. India continues to be among the top recipients of IFC funding, averaging annual total approvals of US$245 million during the past five fiscal years, and now represents IFC's third largest country exposure.

Since 1958 IFC has approved 159 projects in India, providing over US$ 1.75 billion in financing for its own account and US$ 730 million for the accounts of participants IFC's loan syndication progrm. The cumulative investment outlays of these projects is nearly US$ 13 billion.

FINANCING SOURCE	US$ MILLIONS
IFC Loan	1,345
IFC Equity	315
IFC Quasi-equity	79
IFC Guarantee, Standby and Risk Mgmt.	9
IFC	1,752
Loan Syndications	730
TOTAL	**2,478**

Source: IFC, June, 1998

The major proportion of finance goes into infrastructure and financial services in the private sector. These include investments in India's private steel sector, such as, in TISCO and ISPAT Industries and long-term finance to Indian private utilities, such as CESC, BSES, and Tata Electric. In other areas, IFC has been funding environmentally hazardous projects that also threaten the food security of the nation and the health of its people.

IFC Approvals in India by Sector
Total = US $ 2.478 billion

Sectors	Percentage Share in Total Funding
Cement & Construction Materials	6%
Chemicals & Petrochemicals	2%
Fertilizers & Agricultural Chemicals	3%
Financial Services	20%
Food & Agribusiness	1%
Industrial & Consumer Svcs.	1%
Infrastructure	38%
Manufacturing	3%
Mining	14%
Motor Vehicles & Components	6%
Oil Refining	2%
Textiles	4%

Source: IFC, June, 1998

IFC project approvals in India during 'the financial year 1998 to date include: A US$ 20 million

equity participation in Infrastructure Development Finance Company Limited to provide long-term financing for private infrastructure projects in India, a US$ 5.74 million equity financing package to support the establishment of a US$ 42 million fund by IL&FS Venture Corporation Limited that focuses on investment opportunities in India's auto ancillary sector and a US$ 10 million equity participation in a US$ 125 million closed-end venture capital fund, sponsored by TCW/ICICI Investment Partners, L.L.C., to invest in unlisted equity or equity-related securities issues by medium-size, later-stage, and some early stage companies in a broad range of industries in India.

Through its Corporate Finance Services Department (CFS), IFC has been actively promoting privatisation as a policy instrument to promote private sector development in its member countries. In recent years CFS has acted as lead advisor to governments on the privatisation of state-owned-enterprises. Experts from IFC's Central Capital Markets Department (CCM) advise government on fiscal, legal and regulatory matters related to the development of a market-oriented financial sector. While, the Foreign Investment Advisory Service (FIAS), an IFC affiliate, provides assistance to governments on attracting foreign direct investment.

* Through the Technical Assistance Trust Funds Program (TATF), IFC hires consultants to conduct a broad range of technical assistance activities, from helping entrepreneurs develop project proposals to assisting with private sector institution building. With the exception of one of TATF's major funds, each trust fund supports consultants from donor countries, and individual technical assistance assignments are approved by donor countries (IFC, June, 1998).

In light of these facts it comes as no surprise that government borrowing from external agencies in India has come down in recent years from as high an amount as US$ 3, 037 million in 1991-92 to US$ 820 million in 1998-99 (Economic Survey, 1998-99). It has only been replaced, and to a greater extent, by private borrowing with no accountability whatsoever.

The Result: Distorted and Unexplainable Market Trends

India is one of 44 index markets in IFC's Emerging Markets Data Base (EMDB) that provides information and statistics on stock markets in developing countries. According to EMDB's update on India's market performance, though market capitalisation has grown substantially in recent years, market sentiment and with it stock prices have lagged, particularly in the case of smaller companies.

The pattern of operations of these multilateral agencies through the subversion of democratic institutions is a clear indication of their role in channeling the wealth of developing nations, like India, to the so called donor nations in the North. It is nothing but the outright robbing of the wealth of a billion.

Doing Away with the Hypocrisy of the Unholy Trinity

The sooner debtor nations realise the political nature of the World Bank, the sooner they will be able to face the bogus economic theories of the Bank with an equivalent weapon - people's power.

— Ken Saro-Wiwa, Nigerian dissident and environmentalist, hanged by the Nigerian military dictatorship.

The takeover of the 'world economic order' by Trans National Corporations through the World Bank, IMF and WTO, the concentration and theft of the wealth of billions by crushing democratic systems of governance and accountability calls for the strengthening of the solidarity between the citizens of the North and the South. As citizens and workers in the North and South are being pitted

against one another in the race for survival and through tactful trade strategies, a new resolution ought to be taken to provide a new mandate to co-development where human welfare replaces corporate profits and justice replaces market forces. It is not true that there is no alternative to globalisation. This alternative based on solidarity and a development that is sustainable and just is a realistic alternative towards which citizens of the South and North are working. Therein lies the solution to the threats posed by the alliance of the 'unholy trinity' to establish corporate rule.

2

KILLING THE DOMESTIC ECONOMY THOUGH TRADE AND INVESTMENT LIBERALISATION

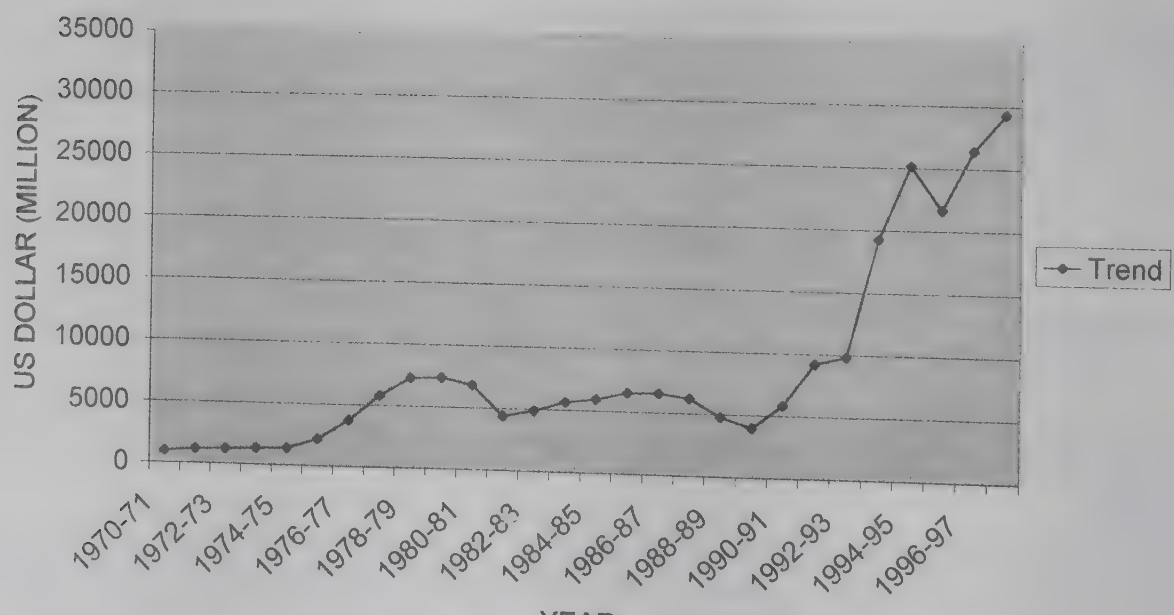
How globalisation enlarges debt and increases trade defficts

Trade is not new. Countries have traded for centuries. Nor is "free trade" as a system new. It was the foundation of colonial rule. What is new about today's free trade is the role of 20th century institutions of the World Bank, IMF and WTO. Economic globalisation has meant the lifting of all barriers to trade. To the countries of the South this has meant exposing their largely domestic economies to the harsh and brutal forces of the global market. In India, the costs of trade liberalisation far outweigh the benefits as market oriented economic decision making, under the dictates of the World Bank, IMF and WTO, pushes the country into a debt trap.

The Delusion of Rising Forex Reserves:

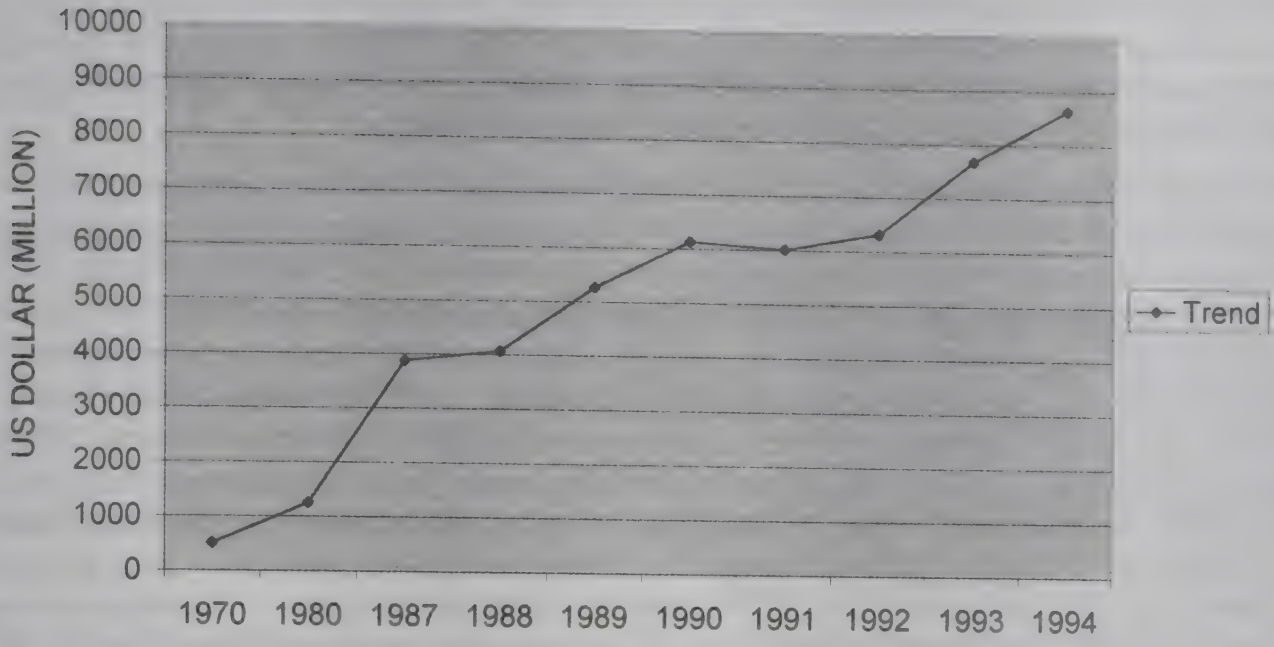
The decline in foreign exchange reserves (forex) and the consequent balance of payments crisis was what triggered in the economic reforms in the early nineties. Currently, foreign exchange reserves stand at an all time high of US $. 29,367 billion (see graph on 'Trends in Forex Reserves'). A closer examination reveals the forex reserves to have been built upon a baseless structure. The structural adjustment programme initiated in the nineties was essentially tailored to build confidence of the international investing community in India. What has resulted is a rising stock of forex reserves that remain highly volatile. From dependence on external assistance, the Indian economy has moved into dependence on 'speculative international finance capital'. The volatile nature of such forex reserves was evident in the South East Asian crisis during which the entire financial system collapsed. To add to this, debt servicing has been on the rise (see graph on 'Trends in Debt Servicing'). This along with increasing import bills and the speculative outflow of forex implies that the Indian economy is paying out more than what it gets in. In light of this, it wouldn't be long before the rising forex reserves collapse as they did in the South East Asian economies.

TREND IN INDIA'S FOREX RESERVES (1970-1998)
IN US DOLLAR (MILLION)



SOURCE: Economic Survey, 1970-1998

TREND IN INDIA'S DEBT SERVICING (1970-1994)
IN US DOLLAR (MILLION)



SOURCE: Economic Survey, 1998-99

Unfriendly Investments in an Investor Friendly Environment:

The financial sector reforms and the reforms carried out in other sectors have catered towards increasing the economy's capital base through foreign investments. These investments assume mainly two forms: Foreign Direct Investment and Foreign Institutional Investment. With the liberalisation of foreign direct investments, multinational companies have been wooed by the government to invest into infrastructure and other projects. At the same time, foreign institutional investments into portfolios have been permitted and Indian companies have been allowed to raise resources through the international capital markets. On the whole, there has been more than an eight-fold increase in foreign investments in the country between 1990-91 and 1997-98. However, a greater part of the investments are financed through portfolio investments which have risen from a mere $ 0.006 billion to more than $ 5.5 billion over the same period of time. On, the otherhand, foreign direct investments have risen at a slower pace and lie much below the flow from portfolio investments. Coupled with this there has been a highly unstable phase in stock market indicators following the reforms. Artificially induced stock market booms further threaten the financial stability of the nation. This is an unhealthy trend, making the economy highly vulnerable to external factors that can breakdown the economy through a financial crisis as the experience of the South-East Asian economies has shown.

Some Bare Facts on FDIs:

Under the 'liberalisation, privatisation and globalisation' process pushed forward by the trio of the World Bank, IMF and the WTO, the theory regarding the 'specialisation in products in which nations have a comparative advantage' has come to be recast in a new light: 'Specialisation in products in which global corporates have a comparative advantage'. In the discouraging atmosphere of competition, domestic firms unable to cope with the production and marketing strategies of the established global giants are bound to get wiped out. Foreign Direct Investments are, but, a tool for multinational corporations to capture markets in developing countries, providing a cover for profiteering through 'dumping and smuggling'. Taking the case of the Indian cigarette

industry alone, contraband sales are said to account for nearly three billion sticks out of a total Indian market of 97 billion sticks. Putting the loss to the exchequer at around Rs. 800 crores, marketing experts say that if these contraband are legally imported, the duty that may accrue to the Centre could come close to Rs. 1,200 crores. They assess that if the share of contraband cigarette trade climbs to top a high of 30-35 per cent of the total Indian cigarette market, the annual loss to the exchequer may be Rs. 12,000 - 14,000 crores (Shiva et al, 2000).

Though Foreign Direct Investments in the economy have been promoted on the grounds of raising foreign exchange, facts show otherwise. According to a sample study of their operations carried out by the Reserve Bank of India, FDI companies are net spenders of foreign exchange. The study covering 268 companies in the country showed that net outflows from operations of the companies to be growing at Rs.1,600 crores annually, with the figure practically doubling every year. From a net outflow of Rs. 185 crores in 1994-95, it shot up to Rs.1, 569 crores in 1995-96 and further increased to Rs.3, 420 crores in 1996-97, an increase of Rs.3,200 in two years. While forex earnings, which stood at Rs.3, 790 crores in 1994-95, have grown at a modest rate of 11.3 per cent per annum compounded, imports have clearly shot up. Raw materials, stores and spares and capital goods during this period have posted an annual rate of 46 per cent. Such imports have grown from Rs.3, 291 crores to Rs.6, 979 crores in a span of two years. These companies have clearly leveraged the Government's liberal policy with regard to import of capital goods, by hiking such imports substantially. Capital goods imports have gone up from Rs. 454 crores to Rs. 2, 638 crores. Not suprisingly, the imports to exports ratio has worsened. Hence, the position of FDI companies as a source of foreign exchange inflows into the country is under some threat. At the present rate of growth, operational deficits of these companies seem destined to overtake investment flows of the FDI sector as a whole with all its adverse consequences for the country's balance of payments performance (Sampathkumar, 2000).

Forex flows to foreign companies

Item	1994-95	1995-96	1996-97
Earnings in foreign currencies	**3,790**	**4,215**	**4,693**
i) Exports	3,071	3,518	3,944
ii) Other than exports	719	697	749
Of which, (a) Interest	1	1	1
(b) Commision	34	50	44
Expenditure in foreign currencies (II + III)	**3,975**	**5,784**	**8,095**
II Imports	3,291	4,894	6,979
i) Raw Materials, components, etc.	2,390	3,687	3,597
ii) Capital goods	454	632	2,638
iii) Stores and spares	363	463	529
iv) Others	84	112	216
III Other than imports	684	890	1,116
i) Dividend	220	272	340
ii) Interest	36	61	59
iii) Travelling expenses	33	55	72
iv) Royalty	81	115	145
v) Technical fees	33	20	27
vi) Professional and consultation fees	4	7	12
vii) Others	278	360	461
Net inflow (+)/outflow(-) I-(II+III)	-185	-1569	-3,402

Source: Sampathkumar, 2000

The draining of forex through FDIs is not a phenomenon peculiar to a 'liberalised India'. It has been shown that one of the outcomes of the international division of production is that roughly a third of world trade is not between countries but between one part of a global firm and an affiliate of that same firm (Anderson et al, 1999). Hence, the situation of imports sourced from foreign affiliates being greater than exports. This is but another manifestation of the increasing concentration of wealth in the hands of a few.

The Stock Market Bubble:

Trends in the stock market indices are crucial indicators of the nation's economic stability. Stock market plunges quickly erode domestic and foreign investor confidence, often leading to greater capital flows (Anderson et al, 1999). Liberalisation in India has seen the operation of inconsiderate markets that move on sentiments (Aiyar et al, India Today, May 11, 1998). More than often the markets have been artificially induced through external and speculative factors that have little to do with the state of the economy.

The Cost of Devaluation

"As the world integrates, weakness in financial system of countries will sooner than later be reflected in the exchange rates and cross-border flows."

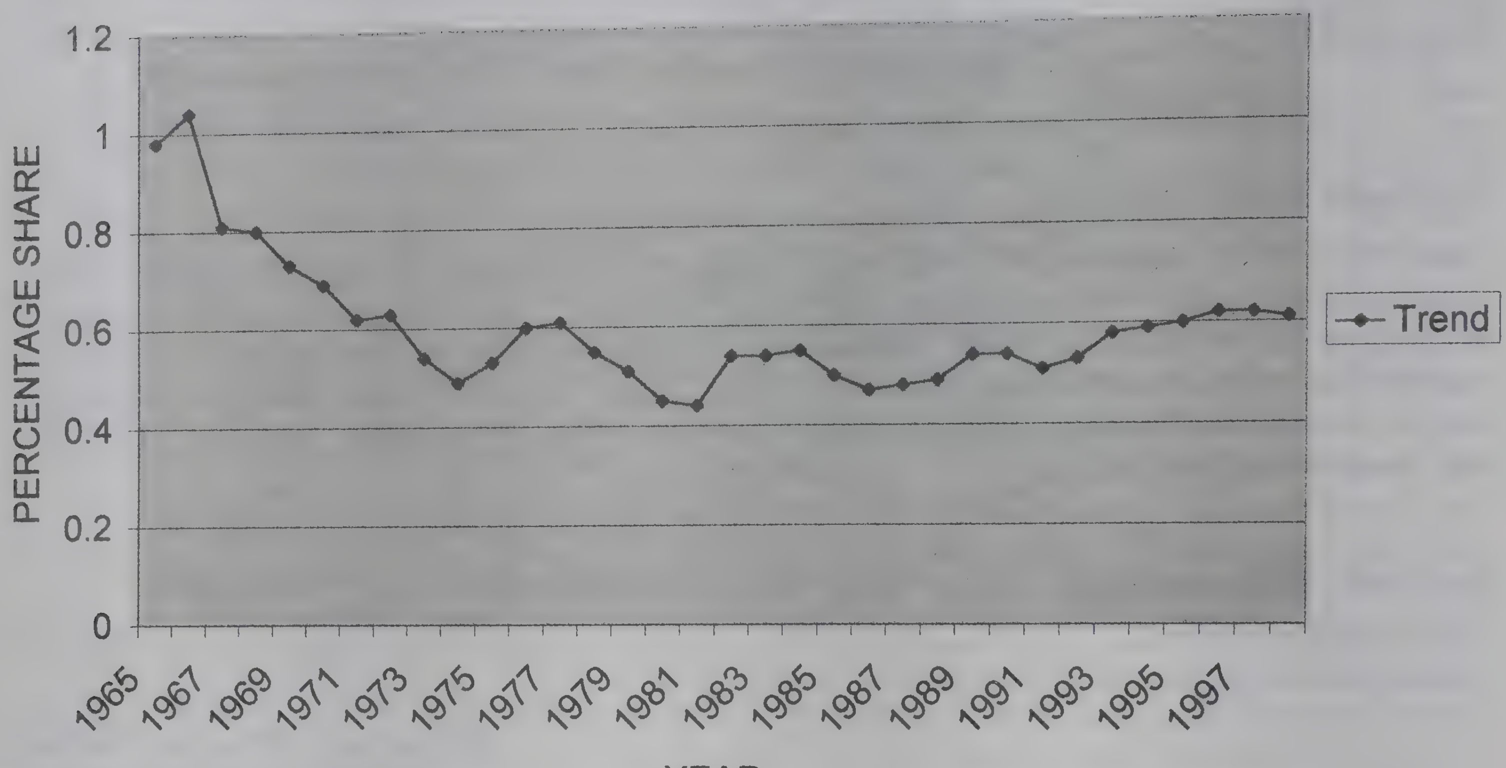
Anil Ambani, Managing Director
Reliance Industries Limited

There has been a sharp depreciation in India's excchange rate, particularly over the reform period which has adverse effects on its economy. Although, it is said that over time devaluation should make the country's exports more competitive, this shall happen only if markets for the products exists. In India, devaluation has been accompanied by a declining share of India's exports in World exports (see graphs on 'Trends in Exchange Rate' and 'India's Share in World Exports' in the current section). Moreover, as a result of currency devaluation it takes more of the local currency to buy foreign goods and make payments on foreign debt. The result: Prices rise and government budgets are strained. Also, debtors suffer from interest rates kept high to prevent further devaluation.

Losing out Through Imports

The wild hopes raised on 'increasing exports' setting the economy on a 'growth momentum' through trade liberalisation are but falsified with the reality of the experience thereafter. Imports continue to dominate the trade basket, implying that the country pays out above 20 per cent more than what it gets in through exports (Economic Survey, 1998-99). The discrepancy is most disturbingly reflected in a steadily rising trade deficit. The trade deficit rose by over 73 per cent between 1990-91 and 1997-98. There has been a clear retrogression in the trade sector over the reform period compared to the less liberal period of the eighties when the trade balance actually improved by 5 per cent between 1980-81 and 1988-89. Further, India's share in world exports has not shown any significant improvement and has in fact declined compared to the period of the late sixties and early seventies. India's exports account for less than one per cent of world exports. After reaching a peak of 1.04 per cent in 1966, India's share dipped to 0.44 per cent in 1981. Since then the share remained around 0.5 per cent. In the second half of 1990s the share remained at around 0.6 per cent (CMIE, 1999).

INDIA'S SHARE IN WORLD EXPORTS
(1965-1998)



SOURCE: Economic Survey, 1998-99

Adding Fuel to the Fire

In December 1999, as per an agreement reached between the Indian Ministry of Commerce and the US Commerce Department quantitative restrictions have been lifted on the import of 1,429 items. The lifting of the quantitative restrictions that had been maintained on balance of payments grounds will have adverse implications on our agriculture, textiles, foreign exchange reserve position and on the work and livelihoods of millions of Indian's. No sector seems to have been untouched in the agreement. Candles, glue, shaving brushes, rubber, household furniture, sanitaryware, kitchenware, toilet paper, paints, distempers, letterpads, notebooks, leather goods, marble blocks, tin-plate containers, asbestos sheets, paints, brass and copper utensils, combs, ceramic ware, LPG cylinders, ceiling fans, inverters, hair-removing appliances, bulbs, jeeps, trucks, cars including second hand cars are included in the list in which even brooms have not been spared.

The Ultimate Losers

Under the 'globalisation, privatisation and liberalisation' agenda of the World Bank, WTO and IMF trade is more unfair than free. Ultimately, it is the poorer sections in every society that are the end-losers. Over the years, there has been an increasing assymmetry between world prices and domestic prices. Index numbers of wholesale prices and consumer prices in India for almost all commodities have increased by over two times between 1990-91 and 1997-98. Over the same period of time, world commodity prices have been on the decline. With the removal of import restrictions, low commodity prices supported by high subsidies are destroying domestic production and livelihoods of the poor. While the incomes of the poor go down, their expenditure is rising due to rising consumer prices. This growing gap between domestic consumer prices and international commodity prices confutes the claims of the free trade propagandists that the gains from unrestricted trade shall

percolate down to consumers in the form of lower prices and high quality. Corporations gain by low commodity prices, people loose with rising costs of essential commodities. That the asymmetric response of domestic commodity prices to world prices is caused by the behavior of international trading companies and is not the result of trade restrictions or bidding processing costs is shown by Morisset, 1999 (see box). This has cost the commodity exporting countries over US$100 billion a year by limiting the expansion of the final demand for these products in the major consumer markets (Morisset, 1999).

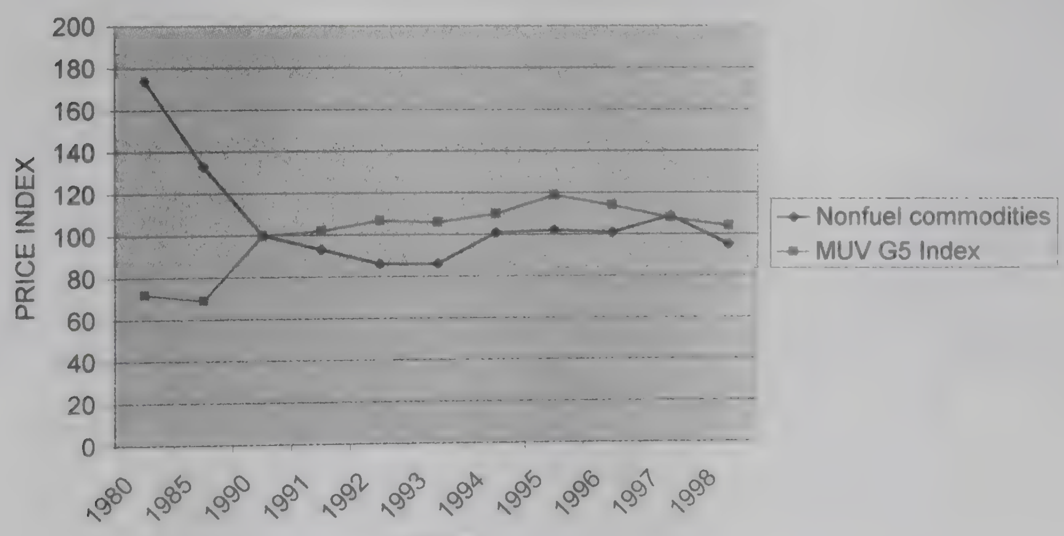
Thus while consumers in India are paying more for their sustenance, at the macro level, the country is getting less for what it exports, particularly in the face of a sharply declining currency value (see graph on 'Trends in Exchange Rate'). The table below shows the World Bank commodity price index. The non-fuel commodity price index declined by 45 per cent in constant prices between 1980 and 1998. At the same time, the manufactures unit value (MUV) index[1] rose by 44 per cent over the same period of time. The adverse terms of trade is increasingly reflected in India's worsening trade deficit, which rose from Rs.-10,635 crores in 1990-91 to Rs.- 34,495 crores in 1998-99 (see graph on 'Trends in Trade Deficit').

WORLD BANK COMMODITY PRICE INDEX
(1990=100

	1980	1985	1990	1991	1992	1993	1994	1995	1996	1997	1998
Nonfuel commodities	174	133	100	93	86	86	101	102	101	109	95
Agriculture	191	145	100	95	88	93	112	110	110	119	104
Beverages	253	239	100	91	72	78	134	127	111	158	135
Food	191	124	100	97	94	93	97	98	108	107	101
Raw Materials	145	103	100	97	92	104	114	113	112	105	84
Fertilizers	179	130	100	100	90	79	85	87	105	111	117
Metals & Minerals	132	102	100	87	81	70	77	85	78	83	73
Petroleum	224	173	100	83	78	69	63	63	78	77	55
Steel Products*	110	88	100	96	83	86	84	90	84	81	..
MUV G5 Index	72	69	100	102	107	106	110	119	114	108	104

Source: World Bank Website.

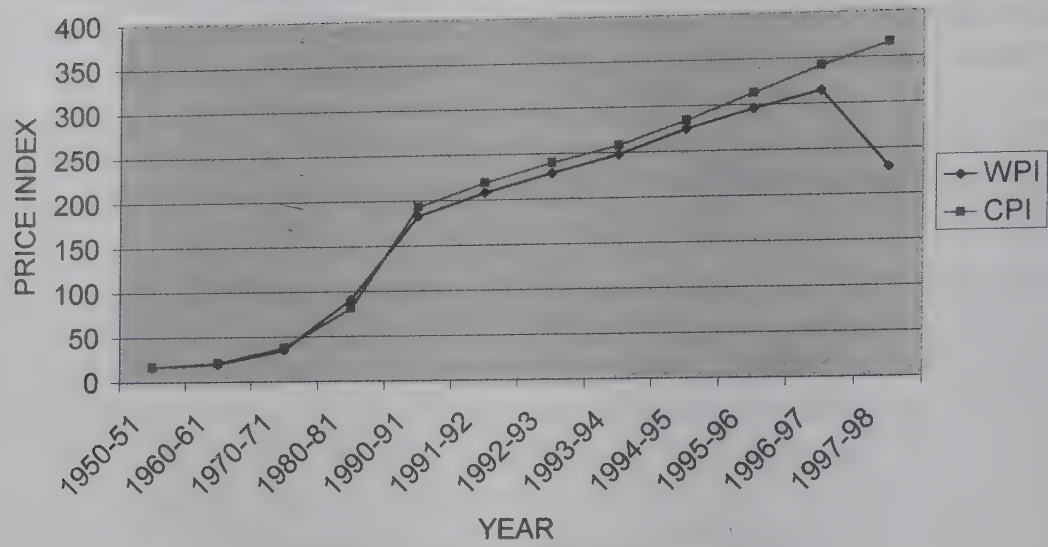
TRENDS IN WORLD COMMODITY PRICES
(1980-1998)



SOURCE: World Bank website

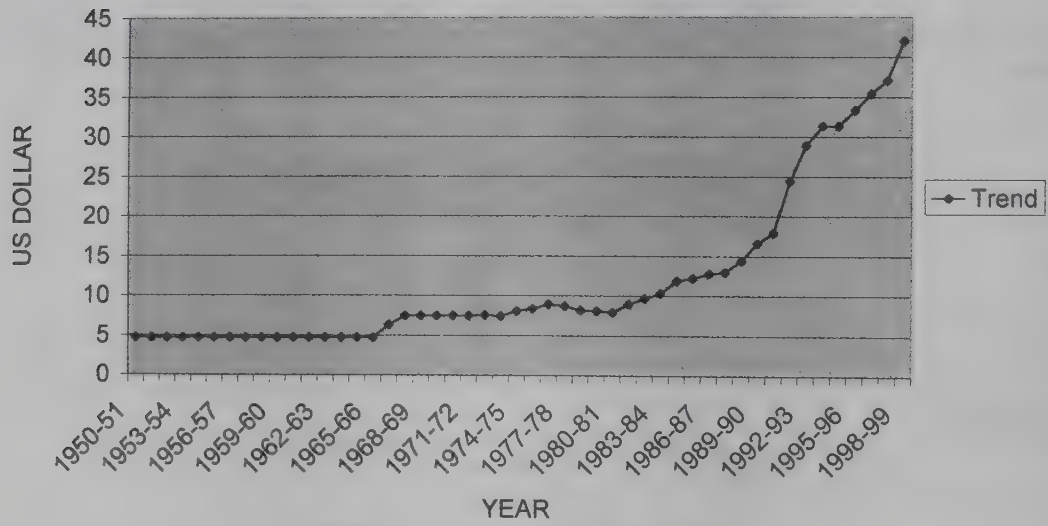
1. A composite index of prices for manufactured exports from the five major (G-5) industrial countries (France, Germany, Japan, the United Kingdom, and the United States) to low and middle income economies)

TRENDS IN INDIA'S WPI AND CPI
(1950-1998)



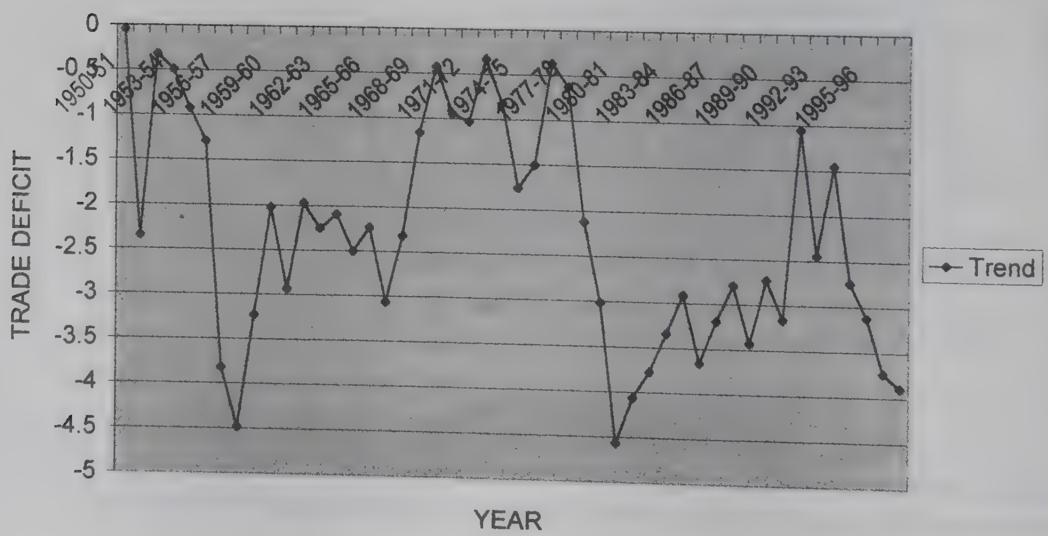
SOURCE: Economic Survey, 1998-99

TREND IN EXCHANGE RATE OF THE RUPEE AGAINST THE US DOLLAR
(1950-1999)



SOURCE: Economic Survey, 1998-99

TREND IN INDIA'S TRADE DEFICIT
(As Percentage of GDP)



SOURCE: CMIE, JULY, 1999

The Hand Behind Distorted Prices

Behind the polarisation of domestic consumer prices and world prices is the presence of large trading companies in international commodity markets. The strategic position of these companies between buyers and sellers allows them to influence the transmission of world prices. These companies generally provide information, define the terms of transactions, manage the payments and record keeping for transactions, and also figure out ways for clearing the market. However, without competition they may follow a pricing strategy that will maximise their profits and not those of producers and consumers.

In addition to their trading activities, many companies are vertically integrated and thus close to production. For example, Cargill - the world's largest trading company of cereals - owns plantations, storage facilities, and vessels in many countries around the world. Similarly, Exxon carries out not only mining and refining but also a complex set of activities involving distribution, transportation, inventories, and pricing. Where most of these companies are involved in wholesales - transactions between businesses - there are also many examples in which they also act in the retail sector either directly or indirectly through strategic alliances or intermediary arrangements.

Preliminary evidence indicates that large trading companies have been capable of influencing the transmission of world commodity prices to domestic prices. This is first suggested by the concentration of trading activities in few companies worldwide. UNCTAD has reported that six or fewer trading companies companies control about 70% of the total international trade, thus obviously limiting th echoice of producers and consumers in these markets. As an example, the banana export market is dominated by Del Monte, United Brands, and Standard Fruits, and the wheat export market by Cargill, Continental, Andre, Dreyfuss, and Bunge-Born. The suspicion that these companies use their dominant position to control prices is strengthened by the chronic absence of information on their activities. While many people can name retailers, few know wholesalers. These companies are often larger than the economies of many developing countries (see following table). For instance, the sale volume of the world's largest trading company, C. Itoh, was as big as Argentina's GDP in 1998. The same company also traded over US$ 20 billion of agricultural products - as much as all the sugar, coffee, beef, rice, and wheat exported by all developing countries at that time.

The trading companies' position of influence on the world market is further implied by the correlation between the variations in the spreads and the variations in the profits of the trading companies. Another indication of the correlation is that the markup in the wheat market grew by 50% over the past two decades, while the sales of Cargill, the world's largest trader of wheat, saw a fivefold increase during this period. In a historical perspective, it is suggestive that this firm has recorded an annual loss in only 3 of its 130 years of existence: 1921, 1936, and 1938.

(Morisset, World Bank, April, 1997.

The World's Largest Wholesale Trade Companies: 1988

Firm	Home Country	Sales (US$ Million)
C. Itoh. Ltd.	Japan	106,791
Mitsui & Co. Ltd.	Japan	102,493
Marubeni Corp.	Japan	95,823
Sumitomo Corp.	Japan	94,479
Mitsubishi Corp.	Japan	91,583
Nissho Iwai Corp.	Japan	52,942
Cargill	US	43,000
Tokyo Menka Kaisha	Japan	31,945
Sharps Pixley Ltd.	UK	30,077
Nichimen Corp.	Japan	26,874

Source: Morisset, April, 1997.

The polarisation in domestic consumer prices and world prices and the surge in imports with the removal of quantitative retrictions implies that consumers in India end up paying more than they would, had there been no trade. This only serves as an explanation for the rising levels of poverty.

Financial Sector Reforms:

Financial sector reforms aimed at ending the profligacy of the Government through cuts in public sector spending on the social sector, public sector disinvestment, raising interest rates to attract foreign investment, and providing 'incentives' to the country's well established banking system and insurance sector through liberalisation has only ended in high levels of fiscal deficit, increasing borrowings, inflow of speculative capital and consequently an unstable stock market while establishing an atmosphere of 'threat' to the banking and insurance sectors.

Denationalising the Banking Sector:

The failure of the private sector in Indian banking was what had ushered in the nationalisation of banks in 1966. The pre-nationalisation period had witnessed the growth of a banking system, which driven by profits could not cater to the development needs of the nation with the virtual inaccessbility to credit for the large masses of the rural and poor population. Lending policies were tuned to the advantage of industrialists with banks being under the control of Industrial chairmen. Banking came to be controlled by a few communities making it a family profession. The nationalisation of banks was followed by a sharp increase in the number of bank branches. Consequently employment shot up. Further, banking policies were tuned more to cater to the development needs of the nation as priority sector lending took headway over profit driven lending. Protecting the poor from the clutches of unscruplous money lenders, the nationalisation of banks had succeeded in building up the productive base of regions and areas which would have otherwise remained neglected, through a number of projects and programmes targeted particularly at women and other weaker sections of society.

The opening up of the banking sector to competition from domestic private and foreign banks has been accompanied by a reversal in the above trends. For instance, there has been a fall in the proportion of credit received by the household sector, which had earlier received a relatively larger share of bank credit. Further, the incremental expansion during the post-reform period for the household sector has not only been the smallest during the post-reform period but also smaller than the expansion in favour of corporate enterprises. Similarly, the financial assistance sanctioned by the all-India financial institutions suggests that while disbursements of Development Financial

Institutions (DFIs) generally assisting large-scale industries expanded by 197 per cent between 1990-91 and 1994-95, those of DFIs assisting small-scale and medium industries have rose by 62 per cent only (Shetty, Alternative Economic Survey,1996).

Bank Group and Population Group-wise Distribution of Commercial Bank Branches in India

Bank Group	No. of Banks#	Number of Branches As on June 30, 1998 @					Number of Branches As on June 30, 1999 @				
		Rural	Semi-urban	Urban	Metropolitan	Total	Rural	Semi-urban	Urban	Metropolitan	Tot
1	2	3	4	5	6	7	8	9	10	11	12
1.State Bank of India	1	4,118 (46.6)	2,412 (27.3)	1,363 (15.4)	951 (10.7)	8,844 (100.0)	4,117 (46.5)	2,414 (27.2)	1,370 (15.5)	958 (10.8)	8,859 (100.0)
2. Ass. Banks of SBI	7	1,390 (32.6)	1,502 (35.2)	748 (17.5)	625 (14.7)	4,265 (100.0)	1,396 (32.3)	1,507 (34.9)	771 (17.9)	642 (14.9)	4,316 (100.0)
3.Nationalised Banks	19	13,913 (43.6)	6,629 (20.8)	6,156 (19.3)	5,206 (16.3)	31,904 (100.0)	13,927 (43.2)	6,699 (20.8)	6,267 (19.5)	5,313 (16.5)	32,206 (100.0)
4.Ind.Pvt.Sector Banks	34	1,136 (24.1)	1,603 (34.0)	1,112 (23.6)	863 (18.3)	4,714 (100.0)	1,142 (23.4)	1,639 (33.6)	1,159 (23.7)	941 (19.3)	4,881 (100.0)
5.Foreign Banks in India	42	0 (0.0)	3 (1.6)	16 (8.8)	163 (89.6)	182 (100.0)	0 (0.0)	3 (1.6)	17 (9.0)	169 (89.4)	189 (100.0)
6.Non-Scheduled Banks	1	3 (37.5)	1 (12.5)	1 (12.5)	3 (37.5)	8 (100.0)	3 (37.5)	1 (12.5)	1 (12.5)	3 (37.5)	8 (100.0)
7.Regional Rural Banks	196	12,297 (85.2)	1,835 (12.7)	296 (2.1)	5 (..)	14,433 (100.0)	12,296 (85.0)	1,858 (12.8)	304 (2.1)	9 (0.1)	14,467 (100.0)
Total	300	32,857 (51.1)	13,985 (21.7)	9,692 (15.1)	7,816 (12.1)	64,350* (100.0)	32,881 (50.6)	14,121 (21.8)	9,889 (15.2)	8,035 (12.4)	64,926* (100.0)

Source: Report on Trend and Progress of Banking in India, 1998-99.

Notes:
1. # As on June 30, 1999.
   @ Population group-wise classification of branches as per 1991 Census.
   .. Negligible
   * Inclusive of non-scheduled commercial bank branches.
2. Figures in brackets indicate percentage to total in each group.
3. Bank branches exclude administrative offices.

The area and group wise classification of banks shows the concentration of foreign banks in metropolitan areas and a complete absence of foreign banks in the rural areas, while private banks are mostly concentrated in the semi-urban areas. In the event of the nationalised banks giving way to private participants, it wouldn't be long before the rural areas are isolated from the financial scene. These trends are but suggestive of a return to the pre-nationalisation era that had doomed to be a failure.

Insurance Sector Reforms:

Neglecting the financial soundness of the LIC and GIC, the two players in the Indian insurance field, and the efficiency in their operations, the Government has gone in for opening up the Indian Insurance sector to private players. With India's share of the global insurance market standing at just 0.22 per cent, while the U.S. and Japan account for close to two-thirds of the market (Economic Times, February, 2000), the Insurance Bill sounds the swan song for the Indian Insurance sector.

The National Insurance sector provides more than insurance. It contributes in a major way to sound social sector spending. The privatisation and globalisation of insurance implies disappearance of jobs and disappearance of security. The 'global casino' is taking over the financial system threatening major insecurity and instability.

3

KILLING EMPLOYMENT

How globalisation is destroying lielihoods and jobs

A most drastic outcome of globalisation has been the robbing of the livelihoods of millions. As global corporate loans venture out in search of greener pastures millions of workers dependent on indigenous and traditional industries and sectors are thrown out into deserts of joblessness. The greater proportion of the above 90 crores population in India are engaged in unorganised sector activities, most of whom are farmers and agricultural workers surviving on subsistence farming (Table 1). Globalisation, in this context, would imply the denial of the 'right to livelihood' to these millions, the majority of whom are again women and other poorer sections of the society.

INDIA: Distribution of Main Workers by Occupational Classification, 1991**

(in percentages)

Occupational Category	Persons	Males	Females
Professional, technical and related workers	3.6	3.4	3.9
Administrative, executive and managerial workers	1.0	1.3	0.2
Clerical and related workers	3.4	4.0	1.4
Sales workers	5.8	7.0	1.7
Farmers, fishermen, hunters, loggers and related workers*	**67.7**	**63.8**	**81.3**
Service Workers	1.8	1.8	1.9
Production and related workers, transport equipment operators and labourers	15.5	17.4	9.0
Workers not classified by occupations	1.2	1.4	0.5

* Farmers include those classified as cultivators and agricultural labourers in census.

** Excludes figures for Jammu and Kashmir where the 1991 census could not be conducted due to disturbed conditions

Source: Census Data Online

In fact, none of the above mentioned sectors will remain unaffected by global trade rules determined by the WTO agreements, specially the General Agreement on Trade in Services (GATS). The implication of the application of GATS rules is most apparent in the professional and service sector, whereby for instance services of doctors and lawyers will be equated to trade in goods. As developed countries are more likely to export services to the developing countries and not vice versa, professional, technical and related workers in the country stand little chance of finding jobs. Underemployment apart from unemployment would be the order of the day with workers forced to take up any job for survival. Clerical and related workers will be affected by the new trends in the modernisation of technology, such as digitalisation and computerisation. Sales workers will be affected by electronic commerce (e-commerce), popularly used to refer to the direct trading in goods and services on the internet (also see section on Information Technology). Farmers and fishermen face the new threat of losing out their markets from the surge of imports that would follow the removal of quantitative restrictions. Moreover, the corporatisation of agriculture and the promotion of agro-processing goods and processes further impacts the control of the farmer's over agriculture and food systems. In the process, marginal and small farmers who form the majority of India's farming community are bound to get wiped out (also see section on 'Killing Food Security'). Improved automation in production activities will put out the workers dependent on production jobs. On the whole, international trade rules as of today imply trading away the rights to livelihood of the Indian masses.

Facts vs. Claims:

Theory says that free trade encourages economic activity and hence raises production and employment. However, since liberalisation, trade has shrunk India's manufacturing base both in terms of value addition and employment (Nambiar et al, 1999). Further, manufacturing has been shifting from high-skilled and capital intensive production to low-skilled and labour intensive production.

Going by the theoretical construct, known as Stopler-Samuelson theorem, one should expect free trade to reduce the wage gap between skilled and unskilled workers. The argument runs that India has plenty of unskilled labour. Therefore, India's exports will be more labour-intensive in the use of unskilled labour. Liberal trade causes exports of these unskilled labour-intensive products to rise. Hence, wages of unskilled labour will have a tendency to rise, and at the same time wages of skilled labour will have a tendency to fall. In short, the theory predicts that whatever sort of labour is the most abundant in the country before liberalisation, is the one that prospers the most as a result of trade. The reality however rebels against this geometry. In India, high-skilled workforce in the manufacturing sector claims a relatively larger share in the manufacturing wage-bill at the cost of semi-skilled/unskilled workers. Among other things this is widening the existing high wage disparity (Nambiar et al, 1999).

Average Annual Wage Differential at 1983-84 Prices

(Rupees)

Year	All Industries		Industries by Skill Intensity				
	Production Workers	Non-Production Workers	High Skill	Moderate Skill	Semi Skill	Unskilled	All
1980-81	7178	13751	13475	10125	7174	7472	7793
1984-85	13511	26562	15562	13591	10936	9152	12068
1991-92	9122	16726	17442	13170	8992	9713	11567
1992-93	8504	17212	17880	15155	9258	9367	12309

Source: Nambiar et al, 1999

With India moving in for greater integration with the global economy, the jobs of millions in our domestic industries are being threatened as policy dictates of the 'unholy trinity' dominate over 'sound economic and social logic'.

The Case of Trade Sanctions:

In the race to capture markets and expand trade, developing countries are put at the mercy of the market dictates of the developed world. Trade sanctions are being increasingly used by developed nations in their bid to capture markets for their global corporates. Such sanctions, based on very flimsy grounds, threaten workers' rights and welfare. The instance of the ban on Indian beedies by the U.S. government shows how trade sanctions are 'trade driven' rather than 'welfare driven' (Shiva et al, 2000). The trade sanctions, invoked under the 'smokescreen' of child labour, against the Indian beedi industry where children constitute less than three per cent of the labour force threatens the right to livelihood of more than 30 million workers dependent on the industry.

Disrobing the Poor to Clothe the Rich:

Bowing to pressure from 'free trade' lobbyists, the Indian Government has brought out a number of policy reforms in the different sectors with the stated objective of improving competitiveness, with complete disregard of the implications of such policy measures on workers' welfare. Nearly 25 million Indians depend on handloom weaving for a livelihood. The spinning wheel and the loom had become India's symbols of independence. Today, the handloom sector is being dismantled as it was during colonial rule. In 1991, 2 million weavers in Andhra Pradesh were displaced due to rising cotton costs because of exports. Hundreds committed suicide. Now policies are threatening the survival of weavers. The suggestions made by the Satyam Committee on the 'New Textile Policy' is one among the several instances of workers' rights being grossly violated through such 'trade oriented' policies. As per the recommendations of the Committee, handloom weavers in the country are to be categorised into three tiers:

"1st tier - Weavers producing unique, exclusive, high value added items,

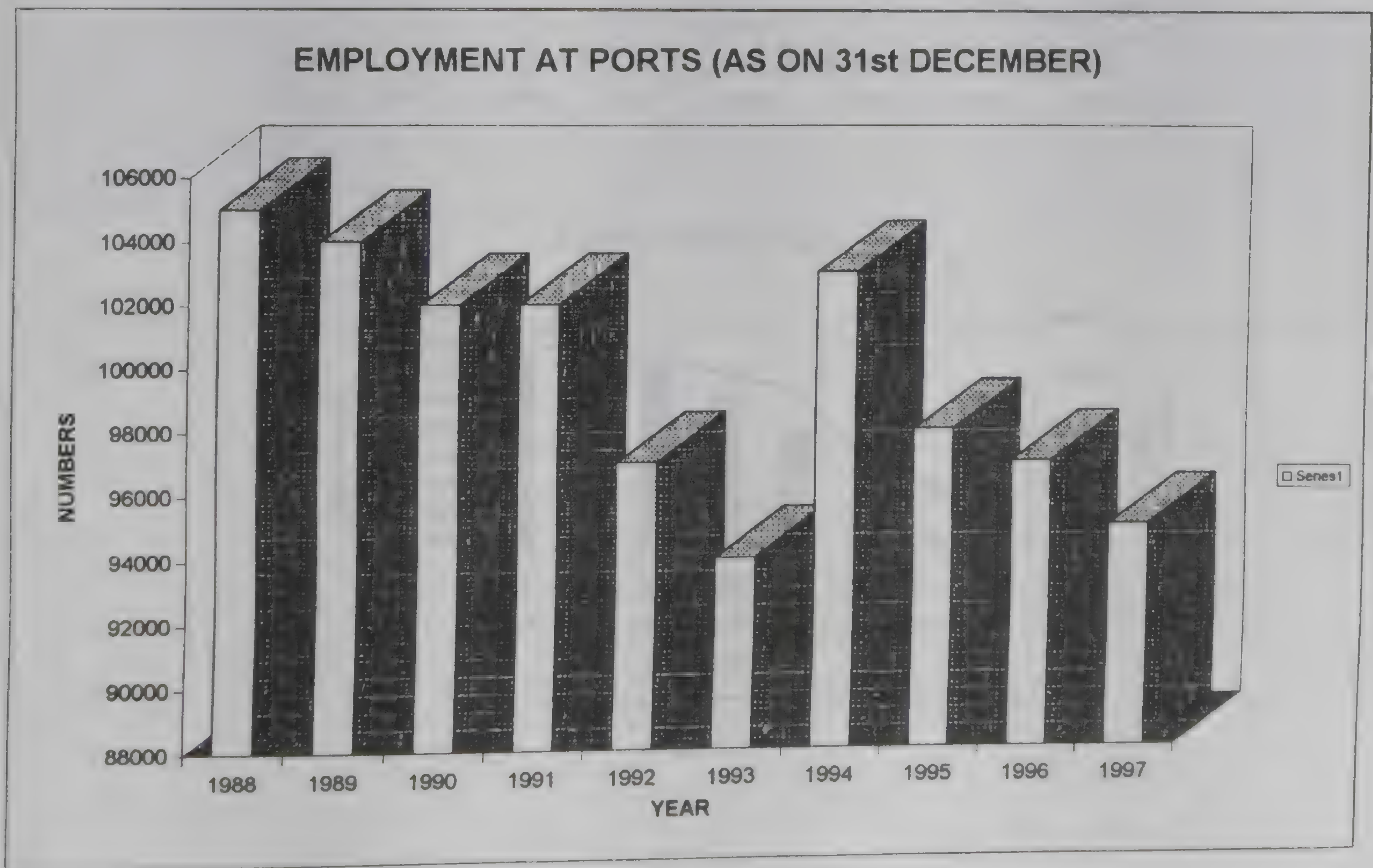
2nd tier - Weavers producing medium priced fabrics and made up of articles from not so fine counts of yarn.

3rd tier - Weavers producing plain and low cost items.

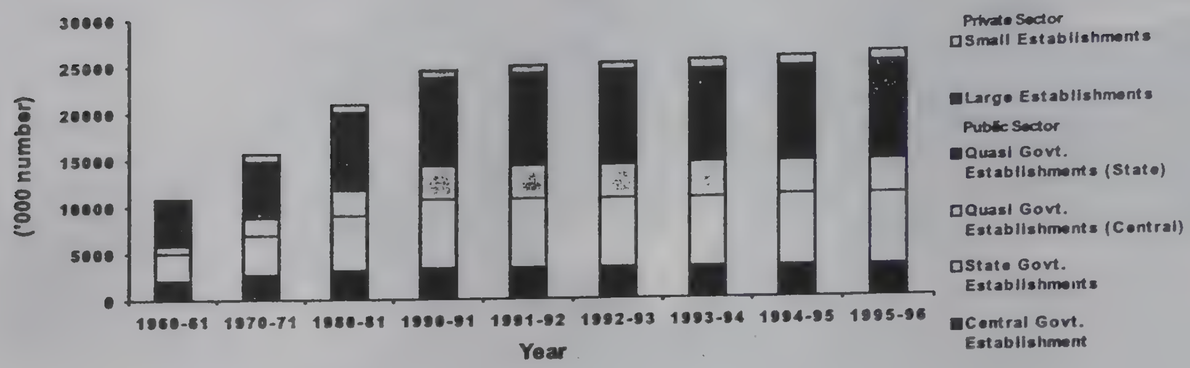
The weavers of 3rd tier and their progeny need to be provided with alternate avenues of livelihood. The least painful conversion would be to convert them into either skilled weavers in cooperative or commercial 1st tier handloom units or powerloom weavers of 3rd tier with semi automatic looms. For conversion into 3rd tier of powerloom, the handloom weavers will get the same support as envisaged for the powerloom weavers. The weavers of the 1st tier will be strengthened and weavers of the 2nd tier provided adequate support to graduate to 1st tier".

The so called "least painful conversion" by the committee indirectly means the uprootment of more than 50% handloom weavers who come under the 2nd and 3rd tier. The plan to convert all the weavers slowly in to the 1st tier is based on the assumption that Indian producers should only produce luxuries for the rich in the North and not produce for the needs of all Indians, and again lacks any basic idea about the diversity in the Indian handloom sector as most of them will perish under the competition with the big powerlooms. Further, the repeal of the 'reservation act' as suggested by the Committee will not only jeopardize the employment potential but will also invite economic devastation in certain areas such as the north-eastern region and Assam where handloom is a main stay of livelihood (Update, February, 2000).

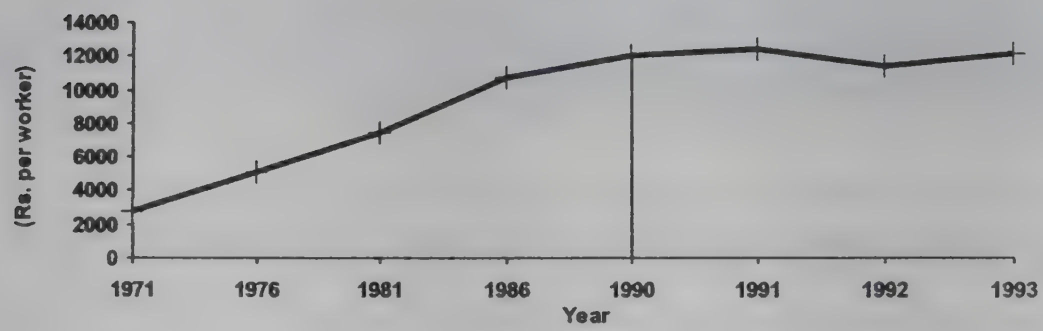
The negation of workers' rights attained through decades of trade union struggles through the reform process is not confined to the traditional sectors alone. It would be no exaggeration to say that no sector of the Indian economy has been spared from the reform process. Despite the increasing protests from all quarters, reforms are being pushed by forcibly curbing the peoples' rights to protests against the gross injustices meted out to them in the name of 'free trade' as the experience of the recent protests of lawyers, teachers, workers in the power sector and in other sectors has revealed. The use of force to curb the most humane of protests centered around the question of survival and the continuation with reforms by ignoring the provision of alternatives for those displaced is only indicative of the fact that democracy has lost its voice in the clamour of reforms. Employment outlets have been drastically cut down as the role of the public sector has been minimised. Thus, there has been a virtual stagnation in the employment levels at public sector enterprises over the reform period and in some sectors, as in ports, even a decline. Private sector employment has also remained constant and at a much lower proportion (see graphs on employment levels). Consequently, there has been a widening in the pool of unemployed (see box below).


EMPLOYMENT AT PORTS (AS ON 31st DECEMBER)
NUMBERS
106000
104000
102000
100000
98000
96000
94000
92000
90000
88000
1988
1989
1990
1991
1992
1993
1994
1995
1996
1997
YEAR
Series1

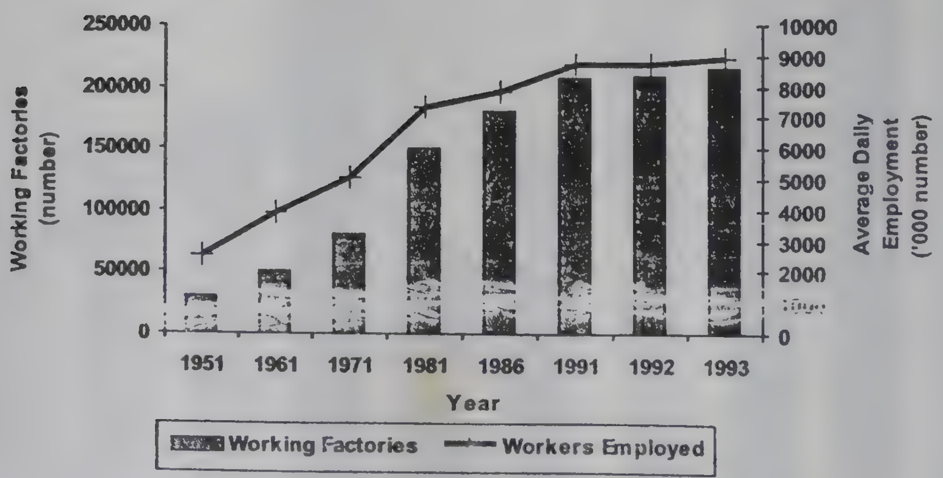
EMPLOYMENT IN PUBLIC AND PRIVATE SECTORS



AVERAGE PER CAPITA ANNUAL EARNINGS OF FACTORY EMPLOYEES



FACTORY EMPLOYMENT



Increasing Unemployment Following the Reforms

The overall employment scenario in the country has remained more or less unchanged since the reforms began in 1991. The proportion of employed population in the total available workforce has tended to decline in both rural and urban areas.

The proportion of unemployed population, as also unemployment rates, has generally been higher in urban areas than in rural areas and among females than males.

This is revealed by the 54th round of the National Sample Survey (NSS) for 1998 (January-June) when compared with the 47th round conducted in the beginning of the reforms era in 1991 (July-December).

The proportion of employed workforce was estimated at 53.9 per cent for rural males and 50.9 per cent for urban males in the 1998 NSS round. These figures are lower than the 47th round (1991) comparative numbers of 54.6 per cent and 51.6 per cent.

In the case of female workers, the employment ratio declined from 29.4 per cent in 1991 to 26.3 per cent in 1998 in rural areas and from 13.2 per cent to 11.4 per cent in urban areas.

The share of the primary (agriculture and allied fields) and secondary (manufacturing) sectors in employment has tended to decline while that of the tertiary sector (services) has increased in both the rural and urban areas. These trends are borne out also by the quinquennial survey results.

Categorisation of workers in terms of self-employment, regular employment and casual labour shows that more than half (55.3 per cent) of the working population in the rural areas was self-employed in 1998. The percentage of regular employees among the employed was 7.0 and for casual labour 37.7. Among the rural females, 53.4 per cent were self-employed, 2.5 per cent regular employees and 44.2 per cent casual labourers.

In urban areas, 42.5 per cent of the male labour force in 1998 was self-employed. The percentage of regular employees was 39.5 per cent and that of casual labour 18.1. Among urban female workers, 38.4 per cent were self-employed, 32.7 per cent were regular employees and 28.8 per cent casual workers.

(Sud, January, 2000)

The wiping out of farmers and the rise in the number of self-employed are alarming trends. The 'killing of jobs and livelihoods' through the mechanism of 'globalisation' is a blatant violation of human rights and calls for a new solidarity among workers around the globe to fight for their rights and survival.

4

KILLING FOOD SECURITY

How globalisation destroys agriculture and food rights

Globalisation and corporatisation of agriculture have been proposed as remedies to the Green Revolution model of food security even while the Green Revolution logic is used to separate issues of growth from equity and technology from politics.

The Green Revolution model was state centered, it was centralised and it was resource and capital intensive and it was dependent on subsidies.

Globalisation is associated with a shift of control over agriculture from the state of the transnational agribusiness and agrichemical corporations. Food security is simultaneously relocated from transnational planning processes to global markets.

However, this shift from the state to the corporation, and from the national level to the global level is the only shift being made. In the dimensions of centralised control, non-sustainability and resource and capital intensity, globalisation is accelerating and deepening the processes initiated by the Green Revolution. Globalisation, like the Green Revolution, is being pushed on the false argument that "there is no alternative" (the TINA syndrome).

THREE MODELS OF AGRICULTURE

THREE MODELS OF AGRICULTURE

	The Green Revolution Model	**The Corporate Model**	**The Sustainable, Small Farmer Centered Model**
Driving Force	Multilateral Agencies and Governments	Corporations – trade Driven	Small Farmer Led, Nature and Human Need Driven
Structure of Production and Long Distance Distribution	Centralised, Longer Distances, High "Food Miles"	More Centralised, Higher "Food Miles"	Decentralised, Local and Regional Transport, Low "Food Miles"
Preferred Methods	Chemical /High External Input	Higher External Input/Increased Chemicalisation/ Genetic Engineering	Organic / Ecological Low External Input
Status of Diversity	Monocultures	More Extensive Monocultures	Polycultures
Productivity	Low Resources Use Productivity, High Environmental Subsidies	Lower Resource Use Productivity, Higher Environmental Subsidies	Higher Resource Use Productivity, No Environmental Subsidies
Socio-Ecological Characteristics	Non-Sustainable/Undemocratic	Non-democratic/ Non-sustainable	Democratic / Sustainable

The Green Revolution model did not emerge within India. The model was basically an American model. There were three groups of international agencies involved in transferring the American model of agriculture to India - the private American Foundations, the American Government and the World Bank. The Ford Foundation had been involved in training and agricultural extension since 1952. The Rockfeller Foundation had been involved in remodelling the agricultural research system in India since 1953.

In the mid 1960's India was forced to devalue its currency to the extent of 37.5 percent. The World Bank and USAID also exerted pressure for favourable conditions for foreign investment in India's fertiliser industry, import liberalisation and elimination of domestic controls. The World Bank provided credit for the foreign exchange needed to implement these policies. The foreign exchange component of the Green Revolution strategy, over the five year plan period (1966-71) was projected to be Rs 1,114 crores, which converted to about $ 280 million at the then official rate. This was a little over six times the total amount allocated to agriculture during the preceding third plan (Rs 191 crores). Most of the foreign exchange was needed for the import of fertilisers, seeds and pesticides, the new inputs in a chemically intensive strategy. The World Bank and USAID stepped in to provide the financial input for a technology package that the Ford and Rockfeller Foundations had evolved and transferred.

Rockfeller agricultural scientist saw Third World farmers and scientists as not having the ability to improve their own agriculture. However, Jatindar Bajaj in his study of pre- and post Green Revolution performance, shows that the rate of growth of aggregate crop production was higher in the years before the Green Revolution than after it. See Table before 1967/68 - the year the Green Revolution was officially launched in India.

Compound Rates of Growth

Crops	Production		Area		Yield (% per annum)	
	1949/50 to 1964/65 a	1967/68 to 1977/78 b	1949/50 to 1964/65 a	1967/68 to 1977/78 b	1949/50 to 1964/65 a	1967/68 to 1977/78 b
Foodgrains	2.98	2.40	1.34	0.38	1.61	1.53
Non-food	3.65	2.70	2.52	1.01	1.06	1.15
All Crops	3.20	2.50	1.60	0.55	1.60	1.40
Rice	3.37	2.21	1.26	0.74	2.09	1.46
Wheat	3.07	5.73	2.70	3.10	1.24	2.53
Pulses	1.62	0.02	1.87	0.75	0.24	0.42

a. Culled from NCAR 1976 (Vol 1, chp 3, p 230-241)

b. Estimates of Area and Production of Principal Crops in India, 1978-79; published by the Directorate of Economic Statistics

Bajaj and Srinivas have also collected productivity data from historical records. Inscriptions from the Thanjavur region from 900 to 1200 A.D. record yields between twelve to thirteen tons of paddy per hectare. A European observer in 1803 reported food grain yields of 75 tons per hectare in the Allahabad region, and another reported a yield of 130 tons of paddy from Coimbatore in 1807 (J.K.Bajaj and M.D.Srinivas, "Annam Bahu Kurvita: The Indian Discipline of Growing and Sharing Food in Plenty", paper presented at the International Conference on Globalisation, Food Security and Sustainable Agriculture, July 1996).

The record of agricultural production before the Green Revolution was clearly not 'dismal'. Nor has the record production been miraculous after the introduction of the 'miracle' seeds. The usual

image that is created to support the image of the 'miracle' is that India was transformed from 'the begging bowl to a bread basket' by the Green Revolution and food surpluses put an end to India's living in a 'ship-to-mouth' existence. This common belief is based on the impression that foodgrain imports after the Green Revolution substantially declined. In fact, food imports have continued to be significant even after the Green Revolution as illustrated in Table.

Year	Quantity in thousand tonnes
1949	3765
1950	2159
1951	4801
1952	3926
1953	2035
1954	843
1955	711
1956	1443
1957	3646
1958	3224
1959	3868
1960	5137
1961	3495
1962	3640
1963	4556
1964	6266
1965	4762
1966	10058
1967	8672
1968	5694
1969	3872
1970	3631
1971	2054
1972	445
1973	3614
1974	4874
1975	7407
1976	6483
1977	547

Source: Directorate of Economics and Statistics, New Delhi

THE WORLD BANK: RECIPE FOR EXTERNAL TRADE LIBERALISATION

Globalisation is based on external liberalisation. External liberalisation is foreign trade and foreign investment driven liberalisation. External liberalisation serves the external interests. Agriculture liberalisation under SAPs is an example of such external liberalisation it consists of the following elements:

* Liberalising fertilizer imports, and deregulating domestic manufacturing and the distribution of fertilisers

* Removing land ceiling regulation
* Removing subsidies on irrigating electricity and credit, thereby creating conditions to facilitate the trading of canal irrigation water rights
* Deregulating the wheat, rice, sugarcane, cotton, edible oil and oilseed industries
* Dismantling the food security system
* Removing controls on markets, traders, and processors, and subsidies to cooperatives
* Abolishing the Essential Commodities Act
* Abolishing the general ban on future trading
* Abolishing inventory controls
* Abolishing selective credit controls on inventory financing
* Treating farmers' cooperatives on an equal footing with the private sector

The foregoing elements of SAP are recipes for removing centralised state control over agriculture. But concentrating it now, even further into the hands of agribusiness are Transnational Corporations (TNCs) such as Cargill and Pepsico - who are emerging as the new Zamindars controlling not just land use, but also water use and seeds.

What is required for us is not external liberalisation but an internal liberalisation of agriculture. Internal liberalisation implies liberating agriculture in the direction of enhancing self-regenerative ecological processes and enhancing ecological and livelihood security. In particular this includes:

* Freeing agriculture from high external inputs such as chemical fertilizers and pesticides and making a transition to sustainable agriculture based on internal inputs for ecological sustainability
* Freeing farmers from capital intensive farming and debt
* Freeing peasants from landlessness
* Freeing farmers from fear of dispossession by monopolies of land, water and biodiversity
* Freeing the poor from the spectre of starvation by ensuring food as a human right
* Freeing rural people from water scarcity by ensuring inalienable and equitable water rights
* Freeing knowledge and biodiversity from IPR monopolies
* Rebuilding local food security, reinvigorating local markets

Internal liberalisation is an ecological and social imperative for people's food security.

The globalisation of the corporate agriculture is aggravating all the problems linked with the centralised system of food production and distribution. It is increasing chemical use, through conventional methods as well as genetic engineering. It is increasing transport and food miles, and fuelling food insecurity through climate change. It is promoting the mining of water and soil fertility by putting profitability above sustainability. It is giving primacy to trade and undermining domestic production. It is putting exports above the food entitlements of domestic consumers. Trade liberalisation and globalisation is threatening the food rights of the Indian people and the survival of farmers and agriculture in many ways.

The emerging trends of globalisation of agriculture show concentration of the ownership of the seed industry, introduction of intellectual property rights in agriculture and genetic engineering

technologies in the hands of few big corporates. The consequence of such concentration will enhance the costs of production and displace small farmers while adding social and environmental costs to the existing economic and ecological degradations of the Green Revolution.

For couple of years farmers in the green revolution region are committing suicides, which highlights the increasing social costs. More than 300 cotton farmers committed suicide in Andhra Pradesh in 1997-98. When farmers commit suicide liberalisers propose free exports without thinking of how exports will lead to domestic shortages and rising food prices. When food prices rise, globalisers propose free imports without concern of how cheap imports can wipe out the livelihoods and food rights of millions of farmers.

The Agreement of Agriculture (AoA) is another example of external liberalisation. Agriculture has never been part of GATT, which was introduced during Uruguay Round. The AoA has three sections:

* Export competition or export liberalisation
* Market access or import liberalisation
* Domestic support or reduction of domestic subsidies

In addition, the Agreement on Sanitary and Phyto Sanitary Measures as well as the Agreement on Trade Related Intellectual Property Rights (TRIPs) also affect agriculture and food security.

AGRICULTURAL SUBSIDIES - THE MYTH OF LEVEL PLAYING FIELD

The WTO clauses on subsidies protect the subsidies of the rich and hence allow dumping of food grains and agricultural commodities on poor countries deepening their poverty and debt by undermining livelihoods and draining scarce foreign exchange.

WTO's Agreement on Agriculture puts forward that it will abolish subsidies to the North. Contrary to this northern subsidies have been doubled since the Uruguay Round instead of falling.

The Clinton Administration is planning to use $ 5.5 billion in export credits in 2000. Direct payments to farmers in the US have gone up from $ 9 billion to $ 15.3 billion.

The subsidies that an Indian farmer gets are passed from the government to the agri-chemical, seed and tractor industry. The subsidy or loan that the farmer gets to purchase these items is passed on directly to the manufacturer. Rather than actually getting a subsidy, the farmer pays interest (however low the rate is) on the money transferred from the government to the industry. In fact, this 'negative' subsidy for the Indian farmer totals to -23.7 billion US dollars.

In contrast, the subsidies that the US farmers get, allowed by the green box, have almost doubled from 1989 to 1995. Such subsidies in the US and the EU total to 353 billion US dollars today. For example, the US government pays $ 193 per ton to US Soybean farmers, which is higher than the soy price at $ 155 per ton. This artificially cheap soy is then imported with low import duties to destroy India's edible oil economy displacing millions of farmers in oilseed production and million of people whose livelihood depend on processing of edible oil.

The US subsidies are not touched by WTO, WTO & World Bank work in synergy to dismantle the support for Indian farmers, increasing costs of production and decreasing the prices farmers receive for their produce, pushing them into debt and suicides.

While farmers' subsidies are declining, corporate subsidies are increasing. Therefore, the transnational corporations gain from both northern subsidies and southern subsidies under the WTO rules. Further, northern subsidies to agribusiness have not been touched. Since the WTO was

established, the United States has expanded export credit and marketing promotion programs. Even IMF loans to Third World countries have been used for export subsidies to US agribusiness.

Cargill for example as the world's largest grain trader, controls the procurement, processing, transportation, storage, export and trading operations in approximately 50 countries throughout North America, Europe, Latin America and Asia.

CARGILL IS THE LARGEST EXPORTER OF PROTEIN MEAL FROM THE WEST COAST OF INDIA.

With their immense finances (often more than the total financial assets of many Third World countries), these corporations totally destroy the capacities of not just individual farmers, farmers' cooperatives, but even of governments to benefit from or control trade in agriculture.

In 1996, the subsidies exempted by WTO amounted to $ 51 billion in US and $ 18 billion in Europe.

In 1995-96, India's support to agriculture was negative, standing at - $ 23.7 billion with 29.5 $ billion as negative subsidy for products, and 5.7 $ subsidy for fertilisers, credit, electricity, irrigation and seeds

In 1998, total agricultural support in the industrialised countries amounted to US 35.3 $ billion, more than triple the value of official development assistance.

DESTRUCTION OF FARMERS LIVELIHOOD THROUGH DUMPING

Liberalised imports are another dimension of WTO and WB policies used to rob the farmers of their livelihood and food security. While the governments of the Third World countries are busy meeting schedules, calculating Aggregate Measure Support and fishing disputes, the corporations are taking over their agricultural systems.

Government Energy is focussed on the arithmetic of dismantling, and corporate energy is focused on the politics of takeover. According to the UN's Food & Agriculture Organisation (FAO), as a result of trade liberalisation measures, Africa's food import bill will go up from $ 8.4 billion to $ 14.9 billion by the year 2000. For Latin America and the Caribbean, the value of increased imports is $ 0.9 billion. For the Far East, the imports bill will increase by $ 4.1 billion. For the Near East, the import bill increase to $ 27 billion and the trade gap will widen from US $ 11 to US $ 19 billion by year 2000.

India is forced to remove quantitative restrictions (QRs) as a result of a dispute initiated by US against India. Quantitative Restrictions are necessary for protection of livelihoods, the environment and public health.

The northern countries have 100 to 300 percent duties on imports, we have fixed maximum duties or "bound rates" at zero for rice, milk, wheat and pulses, all of which are key to our food security, livelihood security and rural development. In the case of soy oil the duty is 15 %. In 1995, following the signing of the Uruguay Round Agreements the decision was taken to cut duties on edible oils from 65% to 30%. This duty was reduced to 20% in 1996 and in August 1998 it was further reduced to 15%.

Due to import liberalisation, soy oil imports have increased dramatically from 60,000 tones in 1995-96 and 236,000 in 1997-98 and to an estimated 800,000 in 1998-99. Imports as a percentage of consumption has risen from 12 to 45% during this period.

During the same period, the price in the mandis for Indian soybean has fallen from over Rs. 1100/ qtl to Rs. 750/qtl this year - just Rs. 50/qtl (or 5 paise/ kg) more than the cost of production. Even at this abysmally low price, the soybean is not being picked up by the oil industry.

Most of this import is from the US where most soybean now is genetically engineered. The traditional consumers of US soybean - the EU and Japan - have rejected genetically engineered soy because of its possible hazardous health impact. This has resulted in a glut of soybean in the US, which is desperate to open new markets in India and China.

THE HIGH COSTS OF AGRICULTURAL EXPORTS

Trade liberalisation suggests that free trade will increase agricultural exports. Since the onset of agricultural liberalisation, our agricultural exports have actually declined, instead of increasing as predicted by free trade theorists.

Total agri-exports have declined from 17.96 per cent to national exports in 1996-97 to 15.93 per cent in 97-98 and further down to 14.57 per cent in 98-99.

All products identified by free-trade theorists as having "competitive advantage" for exports, have all been declining. Marine exports and horticultural exports, towards which Indian agriculture policies have been shifting at the cost of domestic food production, have been losing their market share. Marine exports came down from Rs.4486.7, in 97-99 to 4367.96 in 98-99.

In 1995-96 there were 230 export oriented floricultural units operational in India, with an average unit size of 3 to 4 hectares. Studies by the Karnataka Agricultural University have shown that the land used for floriculture in just one district of Rural Bangalore could produce 3000 tonnes of food grains. The export earnings from the flowers grown can purchase only 700 tonnes of food from the international market. In addition, the ownership of the land has shifted from the small and marginal producer to large corporate houses, often with foreign collaboration. Thus most of the earnings are again routed out of the countries as the foreign collaborators' share of profits.

Floriculture exports from India shows how the land is diverted to create food insecurity. Within five years time (1990/91 to 95/96) the exports in floriculture shot-up by 86 %.

Year	Exports (in Rs crores)
1990-91	7.86
1991-92	14.80
1992-93	14.90
1993-94	18.83
1994-95	28
1995-96	55

Meantime agricultural imports have increased from 4.03% in 96-97 to 6.44% in 98-99, draining scarce foreign exchange and further undermining food security by destroying domestic productions and domestic markets.

The overall export growth has been on down turn in the post reform period and the export import ratio has also been turning adverse.

India's share in the major world exports in commodities in which we traditionally have an export advantage has also declined dramatically.

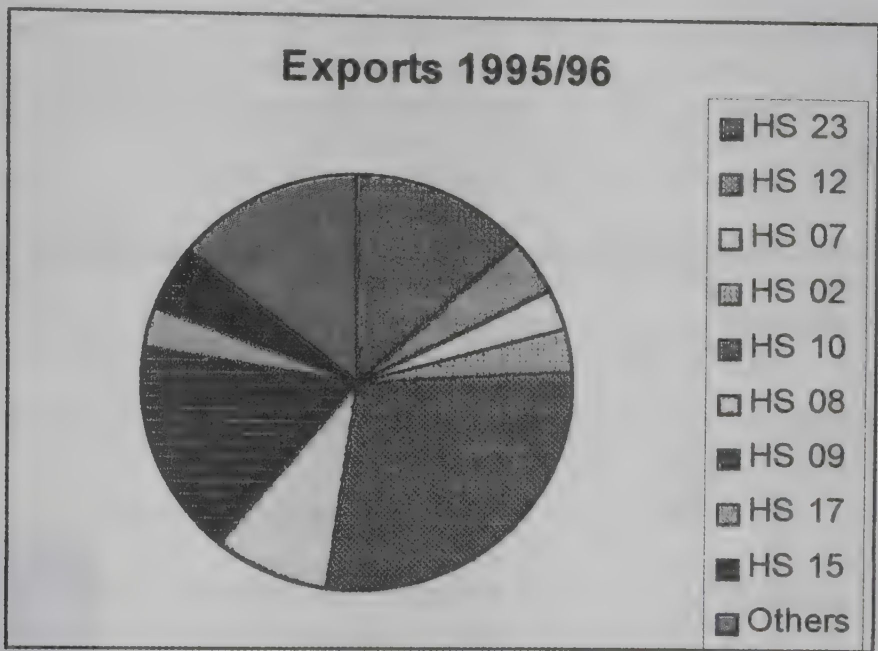
Trade liberalisation has therefore led to reduction in India's export rather than their increase as predicted.

OPENING UP OF THE NORTHERN MARKETS FOR AGRICULTURAL EXPORT

Trade liberalisation of exports was justified by the argument that Northern agricultural markets would open up to Southern countries and the trade will be multidirectional.

This argument is just bait to initiate the uni-directional phenomenon of opening up of markets in the South for Northern business and corporations and closing their markets in the North for trade from the South. This is a flawed argument. India's exports to Europe have actually declined from 13 percent to 6 percent.

India's share in the major world exports in commodities, which we traditionally have, an export advantage has also declined dramatically.



HS 02	Meat & edible meat offal
HS 07	Edible vegetables and certain roots and tubers
HS 08	Edible fruits and nuts
HS 09	Coffee, tea, mate and spices

HS 02 Meat & edible meat offal

HS 07 Edible vegetables and certain roots and tubers

HS 08 Edible fruits and nuts

HS 09 Coffee, tea, mate and spices

HS 10 Cereals

HS 12 Oilseeds and oleaginous fruits, misc, grains ets.

HS 15 Animal or vegetable fats and oils

HS 17 Sugars and sugar confectionery

HS 23 Residues and waste from the food industries, prepared animal fodder (excl 230120)

HS 24 Tobacco and manufactured tobacco substitutes

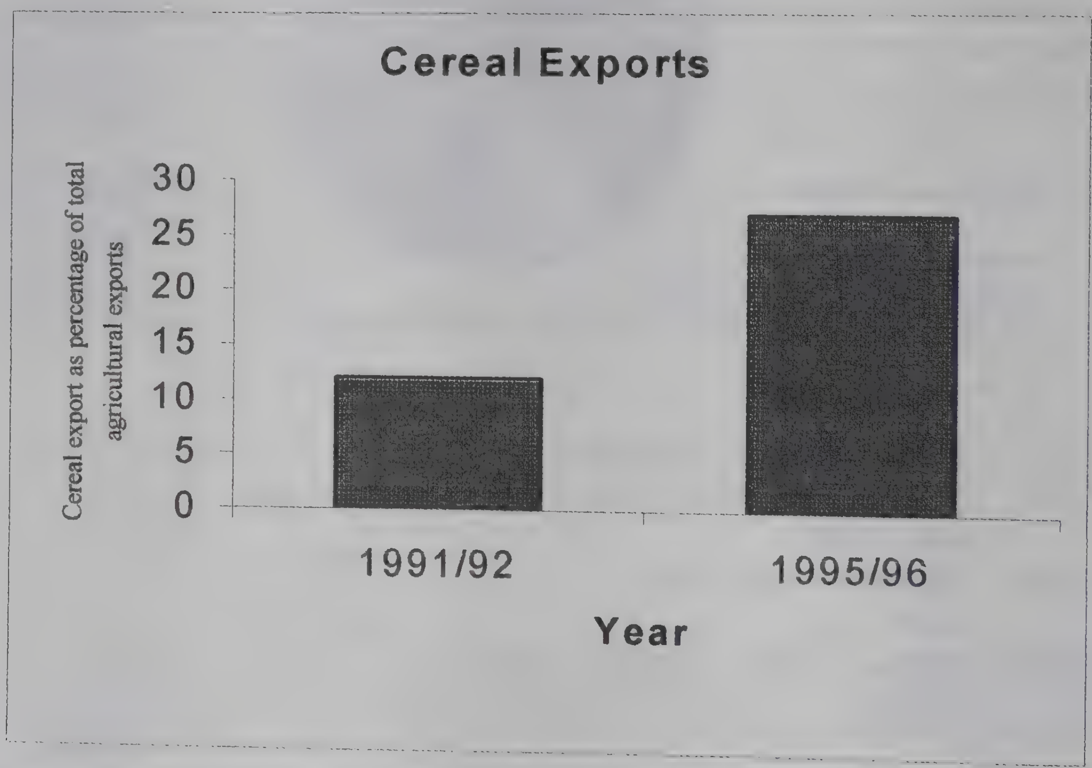
HS 52 Cotton (incl. 52.1, 5202, 5203 only)

Source: UNSD, Comtrade database

By removing import restrictions we are allowing foreign producers to dump their products. But when it comes to our exports to their countries, like cotton, we still have to fall back on quotas. Our shrimps, are now being rejected on phyto-sanitary grounds even though they are forcing us away from food production to industrial shrimp farming. When we export mushrooms they call it dumping. More and more Third World countries are being forced to compete for the same shrinking luxury market.

Trade liberalisation is generating food insecurity by transferring resources from peasants to industry; shift in production pattern from staple foods to luxury and non-food crops for exports. It is diverting cereals from the domestic markets to exports creating domestic scarcity and price rise. Food subsidies are removed which in turn means increased food exports through lowering domestic consumption.

Cereal exports increased from 12 % of total agricultural exports in 1991-92 to 27 % in 1995-96.



The protein source for the majority of the coastal communities, both fish and prawns, has been taken away by the industrial aquaculture to satisfy the ever growing demand of the markets in the North. Cheap fish was no more available to these communities and forced the communities into the problem of insufficient food.

In the case of shrimp exports, every rupee of export earnings has generated more than five rupees of ecological destruction of water, biodiversity, agriculture and fisheries. Industrial shrimp farming

destroys 200 times more area than the actual size of ponds through salinisation of ground water. pollution of coastal waters, destruction of agriculture and mangroves. More food production is destroyed through destruction of domestic agriculture and fisheries than can be purchased by the export earnings from industrially farmed shrimp. Further, export earnings go to rich industrial houses, and poor peasants and artisanal fisherman pay the price of destruction. Thus, as a society, we are paying more in terms of food insecurity and ecological destruction than we are earning through exports of luxury crops such as shrimps, flowers and meat.

CREATING HUNGER: THE WORLD BANK POLICY

With the globalisation, instead of making the public distribution system more efficient, the government is restructuring the by targeting the people below poverty line. The targeted public distribution system (TPDS) has dragged the people to never ending threat of food insecurity by just maintaining them a little over the BPL.

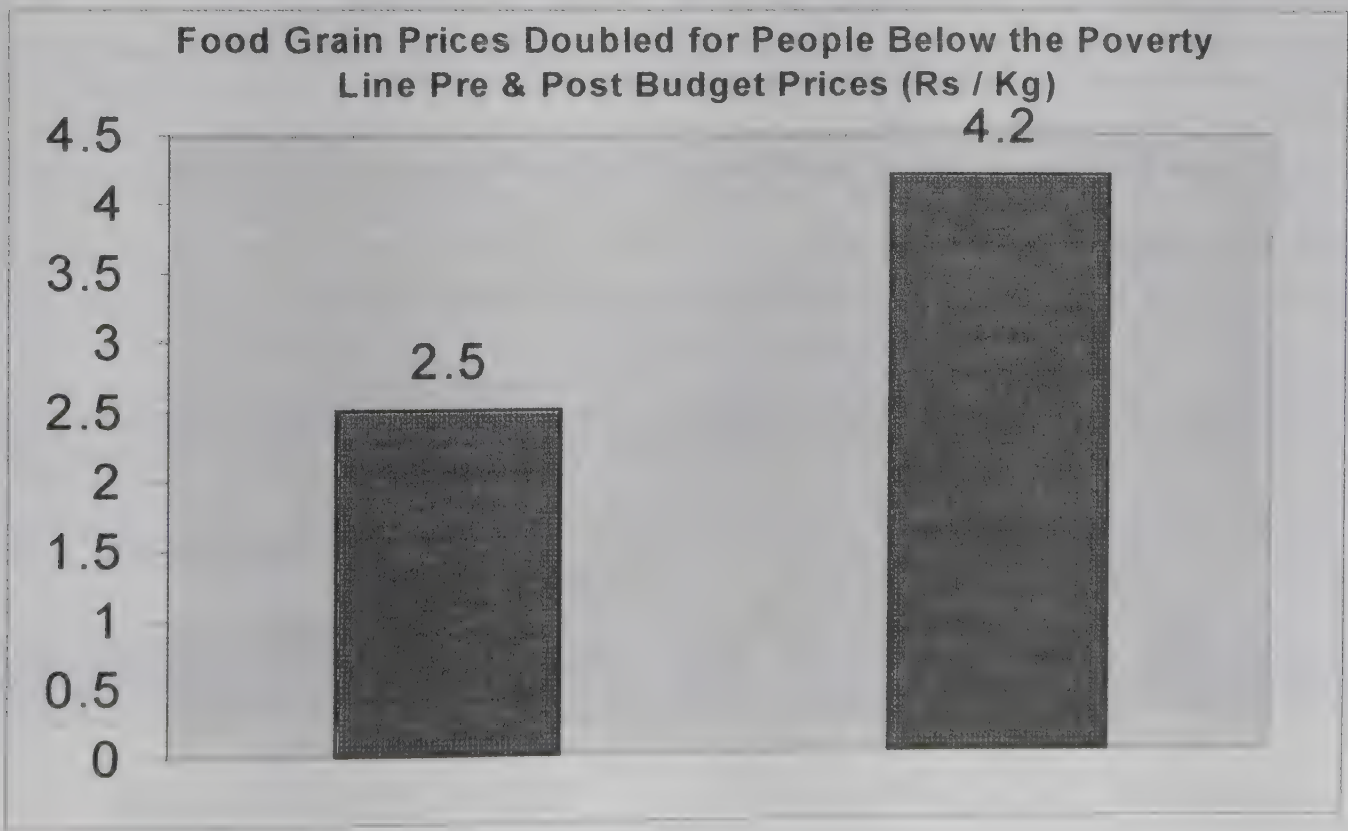
Trade Liberalisation in agriculture is restricting the government by limiting its role to serve only the people below poverty line. Private sector participation will only worsen the situation by making available the food to people with the purchasing power. The fictitious segregation of the people based on poverty is not the correct parameter to target the food supply.

85% of the chakkis are used for wheat milling in India. Trade Liberalisation in agriculture has ensured that the livelihood and food security of the people is lost with the taking over of wheat processing by companies like Cargill and compelling these chakkis to close.

TPDS has been reduced to only look after the food security of people below the poverty line and that too with less quantity of food available with increased prices. The present budget has further resulted in sharp increase in the prices of food grains supplied to through TPDS.

The prices of essential commodities have just doubled. The prices of fuel also been affected by about 60 % hike in the prices.

Trade liberalisation has made the poor to suffer more and more.



Rejoice, all ye poverty-stricken!

The Secretary in the ministry on Finance was on the look out for BPLers - that blessed tribe that ekes out an existence Below the Poverty Line (BPL). He had some good news for them. After peering into discarded water drains and large-sized cardboard boxes in what looked to be a giant refuse dump, he finally came across a man who appeared to be an authentic BPLer.

"Nice pecs," began the Finance secretary. "How long have you been working out?"

"Huh? I'm always been working, as it happens," said the BPLer.

"I merely said that your abdomen conforms to the wash board specifications that Brad Pitt would swear by," said the Finance Secretary, who was a very with-it sort of guy.

"I follow only one rule, Sahib," said the BPLer, "I go to bed on an empty stomach."

"Must try that myself some time, young man. The wife tell me that I must get rid of the old paunch, hah, ha!" chortled the Finance secretary, desperately trying to hold his stomach in.

"In fact, sometimes I don't eat for three days," said the BPLer, warming up to the topic.

The Finance secretary sighed, "Wish I had your will power. Must say, poverty is a great builder of character."

"Well, I don't have much choice, do I? Remarked the BPLer, dryly.

His sarcasm slid off the Finance secretary's oleaginous frame. "I have always maintained that the nation's structural adjustment must begin on the body structure of those who are being adjusted," he said.

The BPLer, somewhat carried away by this compliment, showed off his structurally adjusted frame by tightening his belt - which was in any case no wider than a watchstrap - still further.

"The nation needs patriotic individuals like you" said the Finance secretary. He pulled out a sheet of paper, consulted it for a few minutes and went on, "Now let's see. How is your calorie-income elasticity?"

"Huh?" said the BPLer.

"It says here that according to Lipton (1995), food intake represents a diminishing proportion of income as income increases," said the Finance secretary.

"This I understand," said the BPLer, with a scholarly air. "But I would phrase it differently to this Lipton-Plipton. According to my experience, my food intake represents an increasing proportion of income as my income decreases. In fact, at the present rate of progression, my food intake graph and my income graph should soon intersect at Zero."

"Let's see now. This means your hunger index conforms to the Sen Index......" said the Finance secretary, pulling out a tape measure to calculate the BPLer's Lorenz Curves.

"Hey, hey, what are you doing? Back off, will you," said the BBPLer, irritated by the intrusion.

"I am only setting out to do a LSMS on you - a Living Standard Measurement Study, that is. Relax, buddy, we mean no harm," said the Finance secretary smoothly. "In fact, I bring you good tidings,"

"And what's that?" asked the BPLer sceptically.

"You've got yourself more food grain," said the Finance secretary, "the hon'ble Finance Minister has just announced this in his new budget."

A flicker of hope lit up the BPLer's face. "Go on," he said.

"The Hon'ble Finance Minister has doubled your PDS entitlements," said the Finance Secretary.

"Where is it man, where is it?" asked the BPLer, elated and impatient.

"Hold on, there is a qualifying clause however. You no doubt are aware of the enormous burdens that subsidies have placed on this country. Where are we going to find the money to weaponise our nuclear capability or upgrade the Army, if patriots like you do not corporate? The Finance Minister has therefore been constrained to raise the price of your rice and wheat by 100 percent."

The BPLer, quick as a flash picked up a nice-looking boulder. The Finance secretary thought it was time to disappear. He muttered as he started to run, "Ungrateful peasants. The Sensex is picking up nicely and that eternal malcontent remains ungrateful. Utter vermin this lot, I tell you. Doesn't the country's well-being matter to them?"

Indian Express, 5 March 2000
in Straight Face by Pamela Philipose

The Other Cargill War!

MNC's Hijack India's Food and Agriculture

- Cargill, the **world's largest grain trader** which controls 80% of the world's agricultural trade is now trying to take over India's food economy.
- Cargill's monopolistic search for profits displaces farmers, destroys the earth & local food economies.
- MNC's are hijacking our largest bakery - the Modern Bakery. This takeover will rob more than **2000 workers** of their constitutional right to life and livelihood. The workers are already engaged in stopping this hijack.
- Cargill has started to establish its monopoly in wheat trade and flour milling. Half of the flour processing mills in Punjab have been closed down. This is a **death-sentence** to all the small-scale flour processing mills located in villages and cities all over India. If Cargill's war on our food system is not stopped, more than **100 million Indians** will loose there livelihoods & food entitlements.
- Cargill is trying to establish a **bonded labour system** in food production through contract farming. It is trying to get total control over agriculture — from seed to food processing.
- MNC's are **forcing packaging** as a means to destroy the local food processing. This imposition of packaged foods will increase food costs to the poor and destroy our environment with plastic and aluminum.
- Cargill has sold its seed business to Monsanto. Last year Monsanto has bought several Indian seed companies like Mahyco, Parry, Rallis etc.
- MNC's like Monsanto are **patenting our indigenous crops** like mustard, cotton and castor. Monsanto is importing gene-guns, which will be used to make terminator and Bt seeds indigenously. Gene-guns will be used to change the genetic structure of our crops to be later patented by the company. This war is against our biodiversity.
- Together, Monsanto and Cargill are hijacking our seeds and biodiversity, bread & freedom. This is the real threat to our security. **It is the other Cargill war.**
- Our freedom, our security depends on regaining control over our seeds & food.

Hamari Roti, Hamari Azadi

Cargill Quit India! **Monsanto Quit India!**

5
POWER and INFRASTRUCTURE

The ever-growing need for new infrastructure development - new ports, airports, highways, has been spurred on by the demands of globalisation.

"Infrastructure" traditionally meant the permanent services or equipment needed for a country to be able to function properly, thereby fulfilling the needs of its people. Today infrastructural facilities are being oriented to satisfy corporate needs.

In 1993 a World Bank loan of $20 million at commercial interest rate was given to India to pay the fees of private power sector consultants. The WB has played a comprehensive role in the privatisation of the power sector in India, from the conceptualisation to the private power projects themselves. Ever since 1991 there has been no looking back in this power play. Private and foreign investment is being permitted for generation and distribution of power. Governments in our country, both Central and State, are willing to give counter-guarantees to the tune of hundreds of crores to multinational power corporartions.

The objectives that independent India sought to achieve in the power sector include:

* Provision of power to industry at affordable rates to make it competitive
* Supply of electricity to rural and urban slum areas an provision of electricity to the economically disadvantaged, irrespective of their capacity to pay
* To encourage and build self-reliance
* To ensure regional cooperation in a complex plural society within a situation of shortage of capital and resources
* Optimal utilisation of domestic primary energy resources
* To make electricity a backbone for food security, based on electrical irrigation pump sets, especially after India had lived the humiliation of ship-to-mouth existence under the import of food from US under the PL 480. Failure of this industry will result not only in a power crisis, but also in a food crisis.

These objectives have been totally lost under the WB "reforms" and ensuing privatisation. The new objectives are:

* To enable MNCs to take over the assets of the Third World, even if this results in massive loss of national earnings. For example, in spite of the fact that the State Electricity Board costs for one unit of electricity was Rs.1.20, Tatas cost was Rs.1.80 per unit, Enron was given the permission to produce and sell electricity to the people of Bombay at Rs.4.00 per unit.
* To build large MNCs that can effectively control the entire energy system of the world
* To ensure that the State is demobilised and the entire fund requirement in this capital-intensive industry is based on and controlled by international finance capital
* To maximise private profits
* To remove the distinction between power equipment manufacturer, fuel supplier and consultant by making them all equity holders of independent power plants (IPPs). For e.g. in India, Enron, GE, Bechtel, together formed the Dhabol Power Company
* To provide this essential public service only to those who can pay
* To make energy a borderless flow system that does not respect national boundaries and only respects flow of capital

- Mr.K.Ashok Rao

Under the pressure of the IMF-WB dictates and WTO Agreements, national governments and more so local communities are unable to control the scale or speed of these so called "developmental projects". Big decisions for big businesses on big projects as they are being taken today, transfer many real powers of governments away from the control of countries and their citizens to global corporations and trade bureaucracy that served them. The Agreements of WTO under which this model of development is based, promotes elimination of restrictions that protect people and their natural environment, while increasing protection for corporate interest. Regulation of trade for environmental, health or social goals is severely limited. The WTO intentionally overrides domestic decisions about how economies should be organised and corporations controlled. Its rules prioritise trade and commercial considerations over all other values. If the national governments are unable to provide for the basic needs of the people would the global corporations have either the will or the way to do so?

The reform process being followed essentially aims at systematically de-nationalizing the economic decision making process. It is the World Bank, the IMF and the WTO that are taking all the vital decisions relating to the national priorities in the adoption of economic policies.

There is an attempt to confuse the people by presenting the economic reforms and the consequent economic globalisation as being value neutral and unrelated tot he colonial and imperialist power structure that ruled India for more than two centuries. Globalisation is a process of power structures and military, social, cultural and economic domination. The entire elite power structure in India including the mass media is ignoring this dimension and peddling a pop version of globalisation. The progress of the interest of multinationals and the stock markets is being made the sine qua non of the economic progress of the nation. Such a distorted vision is causing great damage to the morale of the nation.

Privatisation of the Indian people's assets is being projected as the panacea to the fiscal problems and therefore the problems of poverty and destitution of the Indian people. It is an established fact that Indian private capital has neither the financial nor the technological capability to replace the public sector. Therefore the process of privatisation would eventually result in the commanding heights of the economy passing over to the multinations.

- Extracts of a resolution adopted by several Officers' Associations of the financial sector, public sector undertakings (PSUs), power sector and telecommunication sector.

To understand the implications of privatisation of the power sector, it is important to know and understand the Independent India's objectives for the sector, and how privatisation will affect these objectives. The framers of the Constitution place infrastructure (railways, ports, telecommunications, etc.) in the Union list. Power, however, was put in the concurrent list so that not just every last village, but the remotest hand pump in that village would get electricity.

The Government of India has been endorsing the GLP model of infrastructural development by initiating changes in the law and policy to make it easier for private investment, for example the Land Acquisition Act was amended making it easier for the government to acquire land and also severely curtailing the provisions for public hearings. The Government is actually assisting the private entrepreneur to acquire the land.

The massive golden quadrilateral highway project under the new liberalised Road Policy has been expedited; the highway sector has been opened to private sector/foreign investors without any restriction on equity.

In the past decade, the IBRD has pumped in US$ 153 for National Highways in India.

For State Highways, in Andhra Pradesh US$ 350 has come in.

As far as ports are concerned, the Government of India has announced the corporatisation for major ports. This offers significant potential to foreign investors in major operational and infrastructural areas, which include container terminals, warehousing and storage facilities, cargo handling, dredging and new port projects.

> Peninsular & Oriental were developing an all-weather port at Dahanu-Taluka in Maharashtra to be funded by the IFC which had to be abandoned after years of resistance by the local people.

6

TRADE LIBERALISATION AND IMPACT ON THE ENVIRONMENT

Trade liberalisation is using India's scarce natural resources and already occupied environmental space as hidden social and ecological subsidy for absolute advantage and absolute profits of global corporations. With liberalisation more and more Transnational Corporations are setting up polluting and hazardous industries in the Third World, where environmental laws are not as strict as in industrialised countries.

Trade liberalisation is taking place through the export of our natural wealth and import of pollution. The Green Revolution promoted chemical agriculture; health care was focussed on western allopathic medicine ignoring our rich indigenous medical systems and education promoted colonial learning and colonial ignorance.

The globalisation of trade is increasing the ecological burden on the planet in two ways. At the local level it is driving a conversion from sustainable resource use pattern for meeting basic needs in local economy to non-sustainable resource use patterns for feeding the limitless appetite of global markets. At the global level, the combination of the shift from sustainable renewable energy based systems to non-renewable fossil fuel based production systems and long distance transport trade is also leading to increased atmospheric pollution and climatic destabilisation. The Orissa cyclone is the manifestation of the same.

The Orissa super cyclone is not a natural disaster - it is a man made disaster resulting from the ecological crisis unleashed by globalisation, including climate change caused by profligous use of fossil fuel for a globalised industrial economy and destruction of mangroves for the globally driven aquaculture industry and infrastructure projects such as ports.

Another massive cyclone hit the west coast at Kandla during June 1998, destroying the port and causing massive loss to human lives which is possibly the outcome of the human interference with the environment.

The destruction of coastal biodiversity, especially mangroves, for industrial aquaculture, for agriculture, for industry, and ports has reduced the capacity of the coastal ecosystem to act as a speed-breaker and reduce the devastation inland. Direct local impacts originating from developmental activities such as industrial aquaculture, construction of highways (as part of globalisation), ports etc. at the expense of depletion of forest ecosystems, including mangroves and non-local impacts originating due to excessive fossil-fuel driven activities are responsible for the increased frequency of natural calamities.

As a consequence of trade liberalisation and promotion of export oriented activity, integrated shrimp farming has been taken up all along the coastal regions. These farming projects involved construction of long embankments for erecting the ponds for culturing of shrimps. These embankments are found to disrupt the hydrological pattern of the area and flood the villages and fields.

Economic globalisation has increased local dependence for food and other products on distant markets thus increasing the distance for transportaion based on fossil fuels. This fossil fuel based consumption pattern adds up the green house gases and increases the existing levels of greenhouse gases in the environment leading to climate instability.

The combined impact of local industrial and infrastructure projects which destroy mangroves and the non-local impact of the increasing fossil fuel based globalisation process are leading to climate

instability and increased frequency and intensity of tropical storms and cyclones. These storms and cyclones are becoming a major threat to human survival. The Orissa disaster is a signal for taking the ecological impact of globalisation processes seriously into account.

The Cogentrix case

In the South Indian State of Karnataka, the State Electricity Board signed a Power Purchase Agreement with for a 1000MW coal-fired power plant at Mangalore with an American company. The power plant was to be coal-based. Fossil-fuel based production is one of the major causes of global warming.

Not only is the environmental consideration relevant, the economic ramifications are too. The entire project would have been at a tremendous expense to the exchequer. After the Supreme Court of India cleared the Cogentrix 1000 MW projects in Mangalore, Karnataka from allegations of corruption filed by one of its partners, the Government was willing to give counter guarantees to the US-based Cogentrix Energy Incorporated for the foreign debt portion of $751 millions of the $1.3 billion project.

Today after seven years of its initiation, the power project has been abandoned after the two promoters walked out.

Of the total WB funding in the decade 1989-1999 amounting to USD 5940, 50% was for the power and transport sector.

7

Privatization of Water

Some for All or All for Some?

By the law of nature these things are common to mankind - the air, running water, the sea and consequently the shore of the sea.

Institutes of Justinian 2.1.1.

* The wars of the next century will be about water.

  Ismail Serageldin, Vice President of the World Bank.

* About 40 countries and one billion people will not have adequate water supplies in the near future. By 2025, it will be 2.3 Billion people.
* About 40,000 children die everyday due to side effects of the water crisis.
* Today 6 billion Human being compete for this scarce resource and by 2050, 10 billion will.
* By 2000, every person in Indian cities will get just two buckets of water per day. About 38.38% of urban population who are below poverty line have no access to water.
* In 1985 there were 750 villages with no water sources. In 1996 these were 65,000. According to this years budget 4.5 lakh villages are facing water problems.
* Water is the lifeline of society to be worshiped, preserved and shared collectively, sustainably used and equitably distributed in our culture. It is life itself, on which our land, our food, our livelihood, our tradition and our culture depends.

In India, traditionally space air water and energy have been viewed as "incapable of being bound into property relations." Water has been considered as a sacred common heritage to be nurtured conserved used sustainably and shared equitably. For example in Islam, the 'Sharia' or 'way' originally connoted the 'path to water' (Westcoat 1995) and provides the ultimate basis for "rights of thirst" that applies to humans and animals. Various cultures have evolved various creative mechanisms of water management and ownership through collective and consensual decision making processes ensuring sustainable resource use and equitable distribution, specially keeping in consideration the needs of the poor and needy. Commenting on the share systems for ground water the settlement officer in Lahore district commented-

"It is my experience among natives that in the fair and equitable division of a share they are unequalled by any nationality .... In the thousands of wells which are studded over the country there are innumerable and minute shares existing in almost every well, that oblige each owners bullocks to be yoked and unyoked at certain stated times of the night and day, to take the place of or to make room for the cattle of another shareholder........Disputes or quarrels in such minutiae seldom or ever come to our courts." (Gil Martin 1995)

After independence in India as in much of the world, Government made parallel efforts to control manage and distribute this precious resource and eventually has had a dominant role in water allocation. Water became a state subject and policies framed at the national level have now to be passed at the state level. During the past three decades the Government has spent over Rs. 100 billion on developing irrigation facilities and over 1,554 dams of various sizes have been constructed. Although laying down these "temples of new India" - the dams and basic infrastructure capabilities of water management and harvesting did improve the availability and access to utilizable water resources to quite an extent with total number of pumps jumping from 43 million pumps in 80-81

to 9.1 million in 1990-91 and the total annual per capita water withdrawal in the country estimated at 612 cubic meters of which 5.94 is used by agriculture and industry, and 18 cubic meters is for domestic use, the benefits have not reached equally to the entire population and only 1140 cu km of water resource have been made utilizable annually out of the total available flow of about 1880 cu km. This has been because the Indian expert policy makers have largely ignored our indigenous low cost traditional systems of water harvesting which were small scale and sustainable, and looked after the needs of the local people specially the disadvantaged. Instead the ruling elites of the country adopted western development models that were in operation, centralizing the management and ownership of all resources through the Easement Act and Irrigation Laws, "proclaiming the absolute right of Government in all natural water" and building large dams and canals which not only degraded the environment at some places irreversibly but also created new political & social conflicts over water use and ownership like the inter-sectoral and inter regional river conflicts. It is estimated that if tanks are built over 3 percent of India's land area, they can store about one fourth of the rainfall the country receives. While some efforts were made to decentralize the management of water through the 73rd Panchayat Raj Amendment Act of 1996, which includes the XIth schedule of the constitution of India, which has given direction to the Central and State Government for the devolution of powers and responsibilities to the Panchayats for the implementation of all schemes for economic justice and social justice, which includes 'drinking water' and 'water ways'. The Panchayats (extension to scheduled area Act) 1996 has also recognized the right over water of the Gram Sabha. These however have not been implemented.

Commodification of Water

Thus the centralized development policies of the state and the extension of exploitative colonial mechanisms of uncontrolled industrialization and resource intensive models of economic development, completely bypassing the indigenous local traditions of water management and harvesting led to the gradual commercialization and over exploitation of scarce water resources. This also led to the enclosure of hitherto "common property resource" into private commodities and irreversible losses to our environment and livelihoods of our people. These kinds of "free Market" capital intensive economic policies for water projects involved imports and heavy borrowing from international funding agencies, which subjected India along with several Third World countries to debt and financial crises since the 1970's.

The bubble burst in India during the early nineties with the financial crisis. It was this desperate situation which forced a large number of third world nations to succumb to the external pressures from the international financial institution like the World Bank and IMF to open up their economies. What is extremely alarming is that as a result of this economic crisis created by financial institutions in the first place countries like India are now being told to indulge in distress sale of their natural resources and privatization of water to get rid of waste and inefficiency.

Infact as seen from the table below the withdrawal and consumption patterns of water in the US indicate a huge amount of wastage as the total withdrawal is much higher than the consumption.

Also privatization of water resource will lead to shift of increased water use from agriculture to industry specially export-oriented fruits and vegetables and luxury items like canned green beans and Liquors, which consume huge amounts of scarce water.

Water Use of Various Industries

Industry	Range of Flow Gal/ton product
Cannery	
Green beans	**12,000-17,000**
Peaches and Pears	**3,600-4,800**
Other fruits and Vegetables	960-8,400
Chemical	
Ammonia	24,000-72,000
Carbon dioxide	14,400-21,600
Lactose	144,000-192,000
Sulfur	1,920-2,400
Food and Beverage	
Beer	2,400-3,840
Bread	480-960
Meatpacking	3,600-4,800
Milk products	2,400-4,800
Whiskey	**14,400-19,200a**
Pulp and Paper	
Pulp	60,000-190,000
Paper	29,000-38,000
Textile	
Bleaching	48,000-72,000b
Dyeing	7,200-14,400b

SOURCE: Rogers (1993). Reprinted with permission.
a Live weight
b cotton

Currently the overall water related infrastructure in developing countries is to the order of $ 65 billion with the respective shares about $15 billion for hydro, $25 billion for water supply and sanitation and $ 25 billion for irrigation and drainage.

World Bank Water lending by sub-sectors, FY981

	US $ Millions
Agriculture - Irrigation	902.3
Power - Hydro	410.0
Other Water Supply / Sanitation	114.9
Rural Water Supply / Sanitation	10.0
Sewerage	36.3
Urban Water Supply	31.0
Water Supply / Sanitation Adjustment	360.7
Total	1865.1

1 The Bank's Fiscal year ends on June 30.

The top 5 private sponsors by number of projects for the period of 1990 - 97 range from "Vivendi' to 'Save International' amounting to US$ 32 millions (total No. World Wide)

Top Five Private Sponsors by Number of Projects, 1990-97

Sponssor	Projects	Total investment in projects with private participation (1997 US$millions)
Suez Lyonnaise des Eaux	28	16,153
Vivendi (formerly CGE)	13	5,275
Agual de Barcelona	6	9,072
Thames Water	6	11,375
Saur International	5	38

Source: PPI Project Database

Today in the market and greed driven system of globalization and privatization this "common Resource", scarce and sacred is being reduced to a 'tradable' 'profitable' and economic product to be 'owned' 'overexploited' 'marketed' & 'sold' to whoever can 'pay' for it. The push to commodify water comes at a time when the social, political and economic impacts of water scarcity are rapidly becoming a destabilizing force, with water related conflicts becoming increasing prevalent and violent around the globe like West Asia and back home the interstate river disputes and growing menace of 'water Lords' in Urban Slums.

At the same time, the Government is signing away their control, which is legitimately a "Common Property Resource" right of the communities nurturing it over water supplies to large MNC's and private companies whose only motive is to abuse and overuse this scarce common resource to expand their burgeoning monopolies under the sanction of their benefactors the unholy trinity of - IMF - World bank - WTO.

No wonder the massive scale at which this is being done that within the last month the Government (Ministry of Urban Development) and the World Bank have held an International seminar on "Private Sector Participation in Urban Water Supply and Sanitation" inviting all the shareholders to have a free stake in this big pie following which the Secretary, Ministry of Urban Development along with the World Bank Operations adviser announced that a policy paper on private participation will be formulated in water supply and sanitation and his ministry would act as a "clearing house for the projects," private sector will also have access to capital markets and could be in whole hog or price meal phases. Success of these ventures will depend on improvement of operation to generate operational success that could service debt. Earlier they have not had a chance and now when this area is thrown open, they would lap it up and make a success. Of course they would not come for charity and would do it for a reasonable return, which would not be difficult.

In India, the total number of so called private public partnership arrangements, majority being funded by MNC's and international financial institutions like the World Bank and IMF, Overseas Economic Corporation operations are 70. Out of these only 22 have commenced construction and /or operation, while 48 are still in the process of development and procurement, 8 have been stopped or are being reviewed many of them due to public pressure and political risks.

Type and Status of Public - Private - Partnership Initiatives

Status	Water and Waste Water					Solid Watse (BOT Contract)	Total
	Pro.Mgt. Consultant	Turnkey Contract	BOT Contract	Concessioı Contract	Total		
Under Development	(7)	1(2)	10	5	16(9)	2	18(9)
Under Procurement	-	2(1)	5	1	8(1)	22	30(1)
Commenced construction & or operation	-	-	-	-	0	22	22
Stopped or being reviewed	2	2	2	-	6	2	8
Total	2(7)	5(3)	17	6	30(10)	48	78(10)

Source: Based on information in Annex 1. A proposal for a concession arrangement in Kakinada, Andhra Pradesh is also included.

Notes: 7 projects of TNUDF in Tamil Nadu are included in both programme management consultants and other categories. Similarly, 3 projects being developed by the IL & FS are also included in turnkey construction contracts along with a concession arrangement.

Under BOT contracts, variants such as BOO or BOOT are also included. Similarly under concession, there is at least one case of a potential lease contract.

BOT – Built Operate Transfer

BOOT – Built Operate Own Transfer

Source: Based on information in Annex 1. A proposal for a concession arrangement in Kakinada, Andhra Pradesh is also included.

Notes: 7 projects of TNUDF in Tamil Nadu are included in both programme management consultants and other categories. Similarly, 3 projects being developed by the IL & FS are also included in turnkey construction contracts along with a concession arrangement.

Under BOT contracts, variants such as BOO or BOOT are also included. Similarly under concession, there is at least one case of a potential lease contract.

BOT - Built Operate Transfer

BOOT - Built Operate Own Transfer

Selected Private Projects in India

Tiruppur Water Supply and Sewerage Project -

* The project is being implemented through a SPV promoted by
* Infrastructures Leasing and Financing Services (IL & FS)
* Tirupur Exporter's Association (TEA)
* Tamil Nadu Corporation for Industrial Infrastructure Development (TACID)
* Project Cost Redundancy (EP Contractor)
* Financial closure awaited

Pre-qualified Bidders

1 Kudong engineering and Construction Company, Korea, with Marubeni, Japan, Hyder Group, UK and Subhash Projects and Marketing Ltd.

2 Hume Industries, Malaysia, with John Holland India / Australia, Hume Integrated Water, Malaysia and Thames Water UK.

3 Biwater International, UK, with Anglian Water, UK, Pro-Majestic, Malaysia and Mitsubishi Corporation, Japan

4 Mahindra and Mahindra, India, with Northwest, UK and Bechtel Corporation, USA.

Pune Water Suppy and Sewerage Project -

* Developed by Pune Municipal Corporation at a estimated project cost of Rs. 750 crores ($ 187.5 M)

* Private Sector Participation envisaged in Construction, Operation and Maintenance, Tariff collection

* Financial Participation in addition to Hudco expected from IL&FS, ICICI, HDFC, IDFC and Bank of Maharashtra

* Request for proposal sought

* Tie-ups: Anglian Water + Trafalgar House & Shirkes

Binnie Black + Veatch & Thames Water +L&T

Krugger + Generale Des eaux & Shanska Int.

Preussag + tata Projects

Hyundai + Sundaram Chemicals

Hanji +Krupp and Zoom Development Group

* Political Risk - work re-tendered at RFP level

The Karnataka Urban Water Suppy and Sewerage Board - Bangalore Water Supply Project

* BOOT arrangement for sourcing 500 mld water.

* Competing Private Sector Institutions

* Hume Gourp + Joh Holland and Mott MacDonald

* Mahindra + Bechtel Group

* Biwater Internationa Group

* GVK Group Kvaerner John Brown + Trafalgar House

* Thames Water International Gourp

* Larsen & Toubro

* Establishment of two Tertiary Water treatment Plants (of total 60 mld capacity) with HUDCO assistance - Private Sector (Industries) to undertake laying of feeder mains

* The award of work of BOT Project awaited

Karnataka Urban Water Supply and Drainage Board (KUWS&DB) has initiated action for award of Management Contract for Private Sector Participation in Distribution and O&M with M/S. Anglian Water

* Towns Selected for the initiative are

* Mysore

* Mangalore

* Hubli - Dharwad

Gulbarga

* HUDCO is actively associated in this initiative

Chennai Metro Water

* Out of 110 Sewerage pumping Stations, Operation & Maintenance of 70 by private sector
* Sourcing of water in 7 wells through private sector
* Construction fo 300 mld Water Treatment Plant by - M/s Hindustan Dorr Oliver Ltd. And O&M by M/s. Richardson Cruddas
* New Chembarampakkam WTP of 530 mld capacity (over and above the existing 600 mld capacity)
* Bid documents for BOT being done by M/s. TCS
* Firming up of BOT Operators list under way
* Short -listing already under process
* HUDCO funding already approved

Pune Water Suppy and Sewerage Project -

* Private Sector Participation on the anvil in water supply sector:
* Nagpur
* Dewas
* Kolhapur
* Cochin
* Vishakhapatnam
* Dharwad
* Goa

The 30 projects which are under procurement amount to around 60 billion US dollars and the companies involved are mostly multinationals some having complete monopolies in the water and other sectors like Anglian Water and Virendi of France.

The costs involved for each are in billions of dollars in the form of loans of high debt equity ratio to the extent of 2.6:1 in the case of Tirupur (refer to table at the end of this chapter). This would incur huge amounts of debt burden on the agency implementing on the one hand and also make redundant the water infrastructure institution like the municipal boards, which have been providing water for the past fifty years at affordable prices. So if the company decides to shut its operations due to public protest arising from the high cost of water and the government decides to reverse the contract as happened in the Pune case and as has been announced by the Urban Development Secretary these are on "trial basis", the people are stranded with no service delivery mechanism, and become host to other vested interest groups creating monopolies in this crisis. This has already happened in the power sector where entire state electricity Boards have been given over to companies. One can still live without power but no one can live without water specially considering that the components include complete takeover of all aspects water management that is source development, transmission, treatment and distribution and even provision of basic infrastructure facilities like toilets.

Also important is to note the increase in the total cost, partly owing to lengthy and often protracted bidding process, with the list of biddees ranging from international monopoly companies like Bechtel

Corporation USA, Vivendi and Thames Water. For eg. In the Tirupur case it increase from Rs.5.9 billion to Rs.13.5 billion.

All these vital decision of "Selling Away" the Lifeline of millions of poor communities and their sovereign riparian rights over this common resource which they have been nurturing for centuries specially in rural India are being taken without any debate, discussion or sensitivity to these "real custodians." Now water will only serve the rich and powerful and be overexploited for maximization of profits.

It is in this context of the complete by passing of the rights of local communities and citizens of this country over sharing of this common and vital resource like water which is already facing a severe crisis and conflicts, by the government in connivance with WTO / World Bank / IMF sponsored MNC's and private companies it is important to reestablish that control over common resource like water and evolve alternative community sharing and participation based models of water management and harvesting, which becomes necessary as a central element or economic democracy.

Overview of Selected Projects in water and waste water with Public – private partnership arrangements

Agency (Project)	City, State	Components	Nature of PSP / Implementation Arrangements	Estimated Costs (Rs. Millions) (Year for prices)	Status
Water and Waste Water					
1. New Tirppur Area Development Corporation (NTADCL) (water and Sewerage components in Tirupur Area Development Project)	Tiruppur Tamilnadu	Water source development, transmission, distribution for industries, water distribution and sewage collection network within the town, low cost sanitation and STPs.	• Concession (30 years) with joint sector SPV – NTADCL • Construction & O&M contracts with private sector contractor and NTADCL • WPAs between NTADCL and municipality, industries • NTADCL to raise a majority of 2.6:1 from domestic and international agencies. Contractor to participate in equity and mobilize suppliers credit • Bidding process was initiated in December, 1995	Initial estimate of total cost was Rs.5.89 billion. (1997) Revised estimate after the bid and all added costs is Rs.13.5 billion for implementation during 1999-2005	Procurement through ICB route is in progress two bi were received, of which o was rejected on technical considerations. Final negotiation closure is expected by June, 1999
2. Hyderabad Metro Water & Sewerage Board (HMWAAB)(Krishna Water Project – Phase-I)	Hyderabad Andhra Pradesh	Water source development, transmission, water treatment plant	Project to be implemented on a on BOT basis for 20 years. The bidding process was initiated in August 1995 and stopped in December 1997	Initial estimate Rs.1.2 billion (1995 prices) Starting year (2001) lowest bid proces were Rs. 40 to 44 / kl as compared to the estimated Rs.21 to 25 /kl.	Procurement through the BOOt route has been abandoned as a result of tl high bid prices. HMWSSI now seeking a loan from t World Bank for the same.
3. Bangalore Water & Sewerage Board (BWSSB) (Cauvery Water Project – Stage IV- Phase II)	Bangalore Karnataka	Water source development, transmission, water treatment plant, Pure water , mains	Project to be implemented on a BOT basis. The bidding process was initiated in August 1997	Initial estimate Rs.8.9 billion (1997 prices) for base costs. Revised estimate after the bid Rs.16 billion. (1999)	BWSSB has selected Biw Internation consortia for implementation of the projects in January 1999
4. Ahmedabad Municipal Corporation (Water & Sewerage Prokect)	Ahmedabad Gujarat	Water source development, transmission, distribution, sewage collection & conveyance system	Project is being implemented by AMC Program Management Consultants for implementing the projects is proposed attracted private capital through municipal bonds	At total cost of Rs.4.89 billion over a three year period frrom 1998 to 2001	Part of the projects is und construction Progamme Management Consultant l not been appointed, leadi delays in implementation

5. Ahmedabad Municipal Corporation (Slum Networking Project – also known locally as "Parivartan")	Ahmedabad Gujarat	Provision of basic services in slum settlements-initially planned for the entire city with a pilot phase to cover 3300 households in four settlements (individual water & sewerage connections, individual toilets, street paving, streetlights, strom water drainage, solid waste management & landscaping)	Project was developed in a public private partnership arrangement with participation by the Municipal Corporation, a Trust of a local industry, local NGO, Community organizations & the SEWA Mahila Cooperative Bank. Implementation in the first selltement was managed by the Trust. It is now being implemented by the AMC partnership with SEWA Bank Contribution was to be one-third each from the private sector, AMC & community. It is now being met through a fixed community contribution (about 15%)&AMC	Estimated costs for the entire city (about 0.3 million households) of Rs.3.3 billion (1995). Estimated costs of the 1st settlement were Rs.2.5 million in 1998 (about Rs.12000/household) Estimated cost per household for the ongoing work is about Rs.16000.	Implementation is going (about 18 slum settlements
6. HMWSSB (Augmentation of Sewage Treatment Plant at Amberpet)	Hyderabad Andhra Pradesh	Sewage treatment plant between 100 to 250 mld capacity	Project is to be implemented under a BOOT arrangement. HMWSSB had advertised but didn't receive adequate interest as full details weren't worked out & given Further assessment and studies for demand for the effluents have been done later.	Na	Detailed project proposal been prepared. HMWSSB plans to re-advertise after getting the approval from its Board.
7. BWSSB	Bangalore Karnataka	Sewage treatment plant at K&C valley (recycling of 50 mld of waste water and supply to industries)	Project to be implemented on a BOT basis. The bidding process was initiated in November 1997.	Initial estimate Rs.0.56 billion (1997)	EOI invited in Nov. 1997. 21 responding firms 10 w shortlisted. RFP documen issued & bids have been received in Jan, 99
8. BWSSB	Bangalore Karnataka	Sewage treatment plant at Hebbal (recycling of 20 mld of waste water and supply to industries)	Project to be implemented on a BOT basis. The bidding process was initiated in November 1997.	Initial estimate Rs.0.43 billion (1997)	EOI invited in Nov.97, of responding firms10were shortlisted. RFP documen issued & bids were expec in Nov, 1998
9.BWSSB	Bangalore Karnataka	Sewage tertiary treatment plant at V. Valley(recycling of 60 mld of waste water and supply to industries)	Project to be implemented through a turnkey construction contract. Funding arranged from the French assistance & through the Magacity scheme. Specific industries identified to receive water.	Initial estimate Rs.0.52 billion	Bid is open only to Frencl companies. Bids were expected by the end of 19
10. BWSSB	Bangalore Karnataka	Sewage tertiary treatment plant at Yalahanka (recycling	Project to be implemented through a turnkey construction contract. Funding arranged from the	Initial estimate Rs.0.39 billion	Bid is open only to Frencl companies. Bids were

		of 10 mld of waste water and supply to industries)	French assistance & through the Magacity scheme. Specific industries identified to receive water.		expected by the end of 19
11. BWSSB	Bangalore Karnataka	Water supply distribution system (with 7reservoirs) & sewerage system (8 STPs, 4 intermediary pumping stations & rehabilitation of sewerage lines)	Project is expected to be implemented through a Build-Operate-Transfer (ROT) basis. Financing to be mobilized by the Private group.	Initial estimate Rs.5.1 billion at 1997 prices.	Under development
12. BWSSB	Bangalore Karnataka	Rehabilitation &remodeling of the overall existing water supply & sewerage systme.	Project is expected to be implemented through a Rehabilitate-Operate-Transfer (ROT) basis. Financing to be mobilized by the Private group. Initial phase will involve a detailed feasibility study.	Initial estimate Rs.8.0 billion at 1997 prices.	Initial advertisement in Ju 1998. Private firms have b shortlisted & bid preparat is in progress.
13. Chennai Metro Water & Sewerage Board (CMWSSB)	Chennai Tamilnadu	Water Treatment Plant (0.15 mld) through Desalination using Reverse Osmosis Technology.	Project to be implemented through a Turnkey construction contract and an Operation and Maintenance contract for 3 years. Planned to be procured through competitive bidding on a lump sum rate for construction and a monthly rate for the O&M contract.	Not Known	Initially advertised in 98 a some bids were received. However, all were found t be far in excess of the estimated cost. Thus, CMWSSB now plans to d the work on its normal pattern.
14. Alundur Municipality with Tamilnadu Urban Development Fund (TNUDF)	Alundur Tamilnadu	Sewerage Network, sewerage pumping stations and sewage treatment plant	Construction and O&M management contract for sewerage system and BOT contract for sewage treatment plant. Project management consultant to be appointed	Initial estimate of Rs.0.47 billion (1998)	Documentation is under preparation
15. Tambaram Municipality with Tamilnadu Urban Development Fund (TNUDF)	Tambaram Tamilnadu	Sewerage Network, sewerage pumping stations and sewage treatment plant	Construction and O&M management contract for sewerage system and BOT contract for sewage treatment plant. Project management consultant to be appointed	Initial estimate of Rs.0.41 billion (1998)	Documentation is under preparation
16. Pallavram Municipality with Tamilnadu Urban Development Fund (TNUDF)	Pallavram Tamilnadu	Sewerage Network, sewerage pumping stations and sewage treatment plant	Construction and O&M management contract for sewerage system. Project management consultant to be appointed	Initial estimate of Rs.0.36 billion (1998)	Documentation is under preparation
17. Erode Municipality with Tamilnadu Urban	Erode Tamilnadu	Sewerage Network, sewerage pumping stations and sewage	Construction and O&M management contract for sewerage system and BOT contract for sewage	Initial estimate of Rs.0.36 billion (1998)	Documentation is under preparation

Development Fund (TNUDF)		treatment plant	treatment plant. Project management consultant to be appointed		
18. Karur Municipality with Tamilnadu Ruban Development Fund (TNUDF)	Karur Tamilnadu	Sewerage Network, sewerage pumping stations and sewage treatment plant	Construction and O&M management contract for sewerage system and BOT contract for sewage treatment plant. Project management consultant to be appointed	Initial estimate of Rs.0.36 billion (1998)	Documentation is under preparation
19. Dewas Industrial Water Supply Company (DIWSCo) limited with Infrastructure Leasing and Financial Services (IL&FS)	Dewas, Madhya Pradesh	Industrial and domestic water supply; industrial waste water collection, treatment and disposal system for industries; and sludge collection, treatment and disposal system	Project to be implemented on a BOO frame work with a joint sector SPV – DIWSCo to enter into a Concession (30 years) with the Government of Andhra Pradesh Consultants (Safege Consulting Engineers) appointed for preparation of a Detailed Feasibility and Investment Banking Report (DFIBR))	Base costs of Rs.1.69 billion at 1997 prices	DFIBR is expected in October 1998. Bidding process is expect to begin in 1999.
20. Pune Municipal Corporation	Pune Maharastra	Water treatment, transmission and distribution. Sewage collection and conveyance system and treatment	Construction, O&M contract for bulk facilities and billing and collection contract. Attracted funding commitments from general financial institutions such as ICICI. Part of the funding also expected from contractor. Bidding process initiated in March 1997.	Total cost estimate of Rs 7.35 billion for implementation period from 1998 to 2001 (1998)	Bidding process was cancelled in October 199 pending review by the council.
21. Visakhapatnam Industrial Water Supply Company (VIWSC) with Infrastructure Leasing and Financial Services (IL&FS)	Industrial estates near Parvada and Visakhapatnam, AP	Industrial and domestic water supply for about 178 mgd by 2010. Rehabilitation of existing reservoir and transmission, distribution for industries.	Project to be implemented through a BOT framework with a joint sector SPV VIWSC entering into a concession with the Government of Andhra Pradesh Consultants (Binnie, Black and Veatch) appointed for preparation of a Detailed Feasibility and Investment Banking Report with the assistance from IDA funds	Base costs of Rs 7.79 billion at 1997 prices	Documentation is under preparation and is expecte by January 1999
22. TNUDF with Coimbtore Municipal Corporation (CMC)	Coimbatore Tamilnadu	Underground sewerage network to cater to 60000 connections in one zone with rehabilitation of one sewage treatment plant	To be implemented through a turnkey construction contract with a private firm appointed as a project management consultant, to assist the CMC in design, bid preparation selection and project implementation management. Repayment of det through sewerage connection fees and a sewage charge of about Rs.140 per month per household. A management contract for O&M may be considered.	Total costs of Rs.0.475 billion at 1998 prices	Bids for the appointment project management consultants to come in on March 31, 1999

23. TNUDF with Tamilnadu Watersupply and Drainage Board (TWAD)	Villapuram Cuddapore Area, Tamilnadu	Water treatment plant and transmission mains for bulk supply of 180 mld water	Long term concession under a BOOT arrangement with detailed designs for the componenets to be given. Private consultants appointed for detailed design. Refinery as a major consumer to cross subsidize repayments. Will also appoint project management consultants to assist with the overall process of bidding selection and supervision of implementation.	Estimated base costs at Rs 2.5 billion at 1998 prices	Detailed documentation i: under preparation.
24. Government of Goa (Augmentation of Salaulim Water Supply Scheme)	South Goa	Source Development and water treatment plant for 165 mld and transmission	Project was envisaged to be implemented on a BOOT basis.	Estimated costs of Rs.2.0 billion at 1995 prices	Bids were invited throug advertisement in 1997, without any separate pre-qualification. 2 bids were received. Separate consta was awarded after bid receipts for bid evaluatio Negotiations are in abeya
25. Kolhapur Municipal Corporation.	Kolhapur Maharashtra	Water source development, transmission & distribution. Sewerage collection & conveyance system; &, sewerage treatment	Project does not seen viable at the existing revenue profile of the municipal Corporation. KMC may explore a long-term concession arrangement.	Na	Discussion stage
26. Delhi Jal Board (Okhla Water treatment Plant)	Delhi	Water Source development for 40 MGD	Project is expected to be developed on a BOT basis through a global tender	Na	Under development
27. Kerala Water Authority	Kochi Kerala	Water source development for city and industrial units	Project was planned to be implemented in BOT format	Na	At Development stage
28. I-WIN with Haldia Development Authority	Haldia (Calcutta) W. Bengal	Water source development of 130 mld	Project to be implemented on a BOOT basis or through a Turnkey contract with an O&M management contract	Na	Under preparation
29. Karnataka Urban Water Supply and Sewerage Board (KYWSSB) Water International	Mysore, Hubli-Dharwar, Mangalore & Belgaon karnataka	Operations and maintenance of existing water and waste water system, with system improvements as appropriate & necessary	A three year management contract for O&M of the entire system, to be followed by a longer term lease arrangement with possible investment for system improvements	Na	A feasibility study done u an MoU between AWI an GoK for all towns has bec submitted by the AWI for consideration

30. Northumbarian Lyonnaise International	Kakinada Andhra Pradesh	Operations and maintenance of existing water and waste water system, with system improvements as appropriate & necessary	A long term concession contract for the O&M of the entire water and waste water system along with system improvements	Na	A proposal has been developed by the Northumbarian group to GoAP for consideration

Notes: In many cases the agencies do not report on whether the cost represent base or total cost estimates.

8
HAZARD TO HEALTH

The adverse impact of globalisation on the Health sector is reflected in reduced public health services as overall government spending is reduced, the widening gap between the rich and the poor, rising levels of poverty as millions are denied their 'right to livelihood', rising drug prices through the 'corporate hijack' of pharmaceuticals, increased resistance to communicable dieseases and antibiotics, increased pharmaceuticalisation and commercialisation of health care (even as curative care cannot be a substitute for public health), the globalisation of technology like genetic engineering and greater risk to infectious diseases and agents as well as creation of new public health problems due to new food cultures and added distance between production and sale of food. Under the shadow of inappropriate "international initiatives" in health care being led by the World Bank and its sister agencies, the health of the Indian people, already threatened with the budget cuts in social sector and the rising costs of basic essentials, such as food, water, essential medicines, etc. is further threatened by compliance to the 'unhealthy' policies of the WTO with regard to health services.

The Imposition of Failed Models:

Under U.S. initiative, the WTO has been pushing for the inclusion of the health sector within the ambit of international trade through its inclusion in the General Agreement on Trade in Services (GATS). This has been despite the fact that the 'advocated model' as practiced in the U.S. has proved to be a failure (see graphs at the end of this chapter). In the U.S. the health insurance sector is the largest. Privatised hospital systems have moved patients and physicians to insurance-driven health management sytems. Only one-third of the U.S. population is covered by this system. Even within this one-third fraction, because of its innate accessibility , every third American is looking to alternate systems of medicine, which in any case are being marketed by pirating the knowledge of indigenous systems of the Third World now being monopolised by pharmaceutical MNCs. The profit-driven health care in the U.S. to the American populace is high-cost and unreliable and has moved away from patient needs and physician expertise to mere management techniques which are profit oriented. This is an inappropriate model for the developing world as diseases related to poverty have no solutions in the model (RFSTE Primer, 2000).

The Impact of TRIPS:

Another WTO agreement, the implementation of which can have deleterious effects on the Indian health sector, is the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). Under TRIPs what was first in the public domain - medicine - must now be privatised through IPR law. In developing countries, like India, where disease threatens the population on an ongoing basis, patent protection for corporate interests, the increasing drug costs, monopoly control, non-production of essential life saving drugs, research in more lucrative areas, eg. potency drugs, rather than drugs for communicable dieseases such as tuberculosis, etc., undermines the government's ability to respond to basic public needs and specifically to public health crises.

Further, the application of the WTO clauses on 'most favoured nation' and 'national treatment' would mean that the country will be forced to treat all foreign services in the health sector equally in a non-discriminatory manner, providing the same subsidies and funding support to private hospitals as it makes available to non profit institutions in the public sector (RFSTE Primer, 2000).

Dan Wasserman
Boston Globe
Los Angeles Times Syndicate

Rushing through Legal and Policy Changes:

Ignoring the adverse implications of 'globalisation, privatisation and liberalisation' on India's health sector, the Government of India is pushing through reforms in the health sector. Changes are being effected in the drugs and pharmaceutical policy that allows more and more foreign equity participation in the drugs and pharmaceutical industries. Also the conditions are being made more conducive for the introduction of newer diagnostic techniques, such as those through the internet, without adequate protection to the practice of domestic medical practitioners.

On the TRIPS front, since March 1999, the Government of India has been initiating changes in the domestic patent law and granted exclusive marketing rights (EMRs) to the pharmaceutical industry leading to monopolies and higher prices of medicines. In December inspite of the review of TRIPS, it rushed a second amendment to the Patents Act, 1970 laying the ground for product patents, which has gone to Parliament. All this is despite the fact that GATS allows for space and flexibility of individual developing countries for opening up fewer sectors and liberalising fewer types of transactions (RFSTE Primer, 2000).

The Implications:

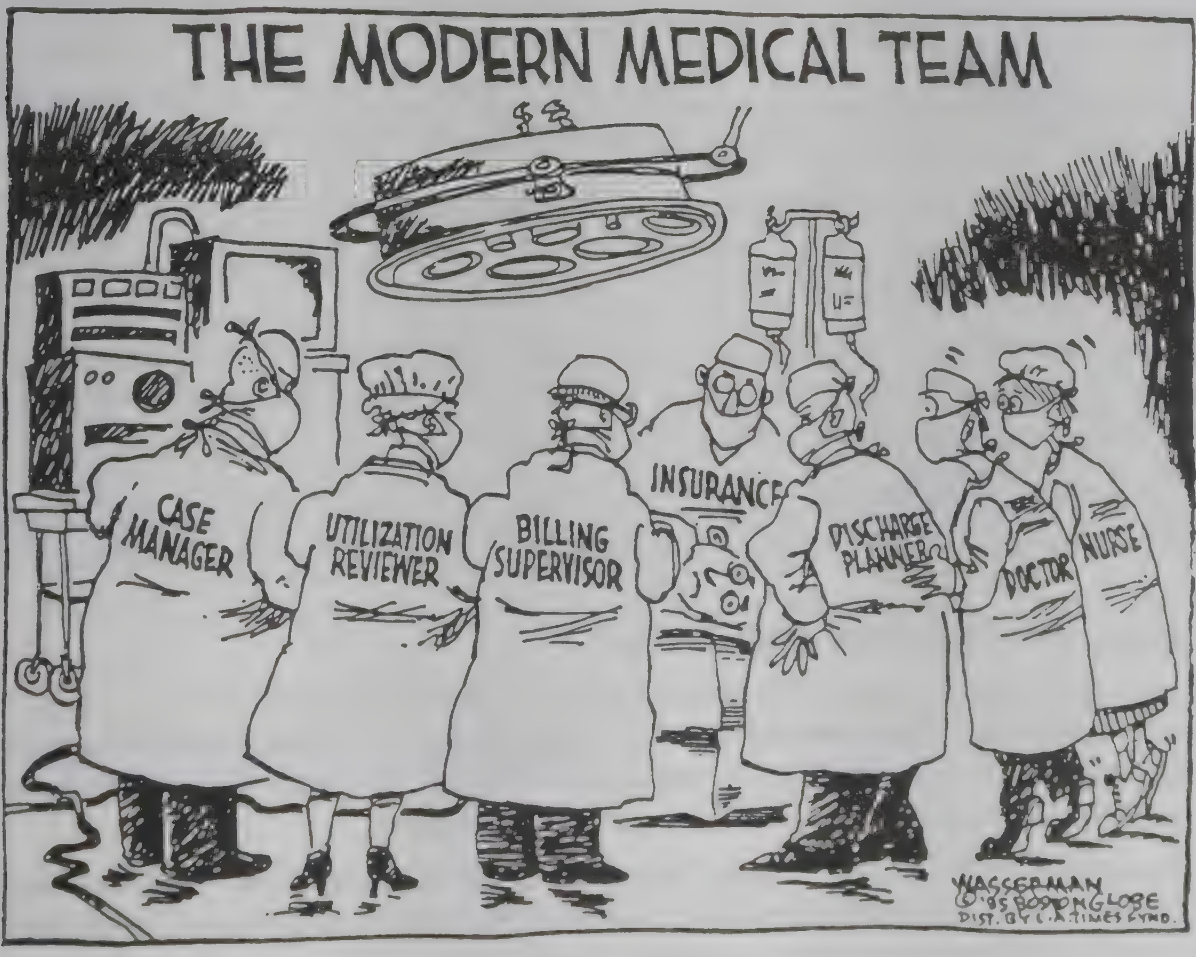
The application of WTO rules in the area of health and the adherence to the 'inappropriate policy prescriptions' of the World Bank will effectively undermine any commitment to public health care in India. Far removed from any concern for the health of the people, liberalisation of the health sector is reduced to granting market access to drug and pharmaceuticals multinationals.

* Granting exclusive ownership and marketing rights to MNCs implies appropriating the health base of 70% of the Indian populace whose basic health care depends on the indigenous knowledge of medicinal plants.

* Privatisation of health and hospital services would mean that only those who have the ability to pay for such services would be able to avail of them. Moreover, unethical marketing practices of

pharmaceuticals and medical services for profit maximisation and fall in clinical standards is known to occur in the absence of stringent controls.

- The jobs of Indian medical practitioners and other health workers would be in jeopardy as foreign services are allowed into the health sector. A further outcome of privatisation has been the increasing exploitatin of workers in private health clinics in the absence of government control (see box)
- There shall be a greater incidence of diseases, particularly related to malnourishment among the poor as liberalisation wipes out employment and 'unjust trade' raises prices. On the other extreme, the spread of the 'fast food' culture from the West, the aggressive marketing of products, such as liquor (usually with the projection of a woman presented as a sex object) and tobacco (known to cause addiction to nicotine), the increasing markets and marketing of processed junk food and soft drinks (which not only decreases the nutritive value but is also hazardous to health) will imply shifts in food consumption with new public health problems such as heart problems, hypertension, diabetes, cancer, food allergies, asthma, peptic acid dieseases, osteoporosis, etc.
- Rising levels of 'insecurity' in an unjustly competitive environment have pushed up the number of suicide cases and other mental illnesses and increased violence against women in the country.
- There has been a sharp increase in the number of STD and AIDS cases. This is bound to worsen as trade liberalisation expands the 'flesh trade' with poverty and insecurity driving women and children to end up as prostitutes. The number of minors forced into sexual slavery is thus increasing.
- The possible resistance to common antibiotics like ampicillin, tetra cycline besides raising costs of health care would directly attack the health of citizens.



Reprinted by permission.

Private Clinics Thrive at the Cost of Workers

The increasing dominance of the private sector in health care has meant not only spiralling costs but also an assault on workers' rights. And both of these have intensified over the years.

This is the conclusion of a report, 'Critical Condition: A Report of Workers in Delhi's Private Hospitals' brought out by Workers' Solidarity, based on a survey of wages, working conditions and terms of employment of 'Class IV' workers in eight of Delhi's larger private hospitals: Apollo, Batra, Mool Chand, Gangaram, Tirathram, Sunderlal Jain, B. L. Kapur and Jessa Ram.

According to the report, there are over 2,500 contract and non-permanent workers in these eight hospitals. The number of contract or non-permanent workers employed ranges from 1,600 in Apollo to a few dozen in some of the older hospitals.

The contract labour system prevails mainly among wardboys, ayahs, sweepers, security guards, canteen and laundry workers.

They are forced to work for more than eight hours on a daily basis. In Jessa Ram, for instance, they are made to work for several eight-hour shifts in a row.

"We met one worker who had been working for 40 hours without a break," says a Workers Solidarity spokesperson.

A majority of them are paid a wage that does not reach the minimum wage stipulated by the Delhi Government. For instance, at Apollo Hospital, in which the Delhi Government has a 26 per cent stake, workers have been kept in degrees of non-permanence ever since the hospital opened some years back.

Most of the contract workers are not covered under ESI, nor under Provident Fund. PF cuts even if made in their wages, are often not passed to the PF authorities.

Even in the older hospitals a slow process of contractualisation is on. A job contract was introduced in Tirathram in a section and has carried on for about two years. Besides, there are about 25 security guards on contract.

In B.L Kapur hospital too, a number of security guards have been hired some months, on contract. " In Jess Ram Hospital, no worker we met could remember the last time a Class IV worker had been made permanent," the report says.

Source: The Hindu, February 25, 2000.

Infant Mortality Rate Rising in Most States

Recent data reveals that India's infant mortality rate (IMR) is actually rising. After coming down to 72 deaths per 1,000 live births in 1996 and 71 in 1997, it has climbed back to 72 in 1998, the latest year for which information is available. In some states like Kerala and Karnatake, the rise in infant mortality has been quiet dramatic.

The plateauing of the all-India IMR at the 1996 level raises serious questions about the efficient implementation of programmes concerning the welfare of women and children. The IMR is a crucial indicator of the population's well-being. The infant mortality rate is an

indication of the social and health status of women and children in the country and a proxy for the economic condition of a community. It is also a reflection of the availability of health services at the grassroots level. Until a few years ago, the results achieved on the infant mortality front were positive. From a high of 139 during the early 70s, the rate declined to 79 by the early 90s. This was expected to go down further, specially with Kerala achieving a low IMR of 12. However, the recent data suggests something is going wrong.

Infant mortality in Kerala - India's best performing state on all social indicators - has jumped up to 16 deaths per 1,000 live births. In Karnataka, the IMR has risen to 58 from 53. Other states showing an overall increase are Andhra Pradesh, Assam, Gujarat, Harayana, Madhya Pradesh, Maharashtra, Himachal Pradesh, Orissa and Punjab.

Besides, maternal mortality rate in India, continues to remain shockingly high - at 4.08 deaths per thousand live births. In plain language, one in every 200 pregnancies ends with the mother dying.

According to K.Srinivasan, demographer and executive director of the Population Foundation of India, says a decline in infant mortality depends on improvements in the nutritional status of the mother, the quality of care during delivery as well as care given to the child.

This questions the efficacy of the projects in the Health Sector, the financing and operations of which are again carried out by multilateral agencies, particularly the World Bank, which has emerged as the World's largest lender in the health, nutrition, and population (HNP) sector of developing countries (Ridker et al, Precis, 1999).

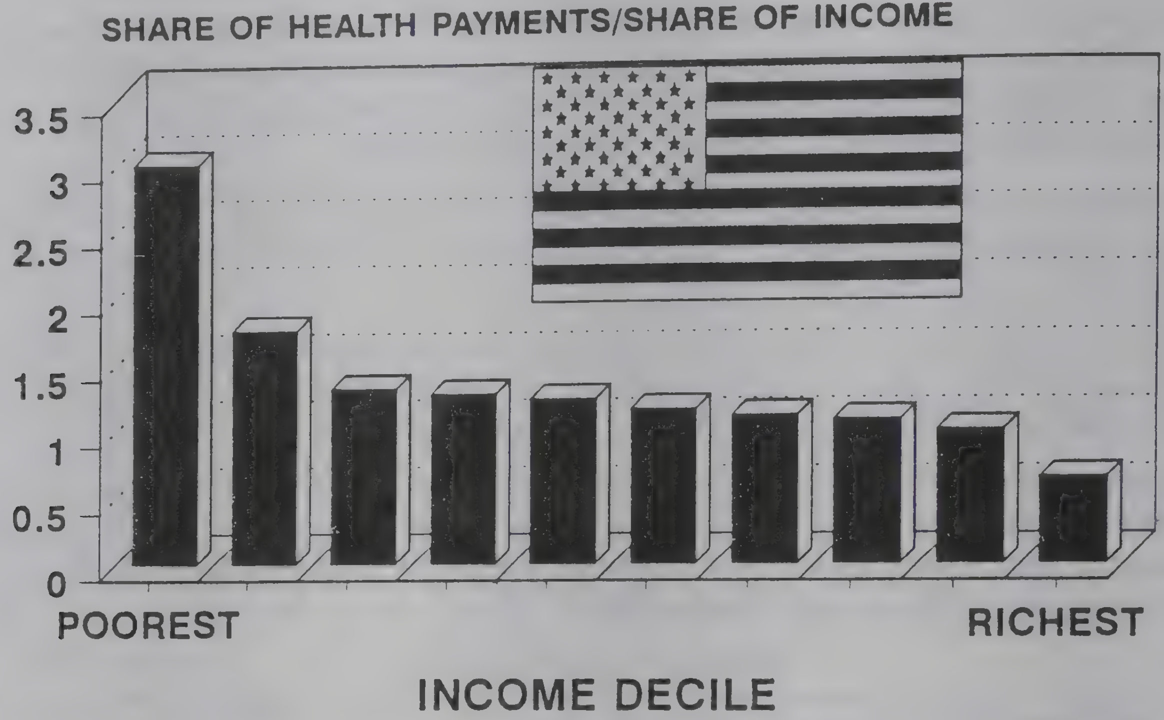
Infant Mortality Rate

State/Union Territories	1996	1997	1998
Andhra Pradesh	65	63	66
Assam	74	76	78
Bihar	71	71	67
Gujarat	61	62	64
Haryana	68	68	69
Karnataka	53	53	58
Kerala	14	12	16
Madhya Pradesh	97	94	97
Maharashtra	48	47	49
Orissa	96	96	98
Punjab	51	51	54
Rajasthan	85	85	83
Tamil Nadu	53	53	53
Uttar Pradesh	85	85	85
W.Bengal	55	55	53
All India	72	71	72

Source: The Sunday Times, March 5, 2000

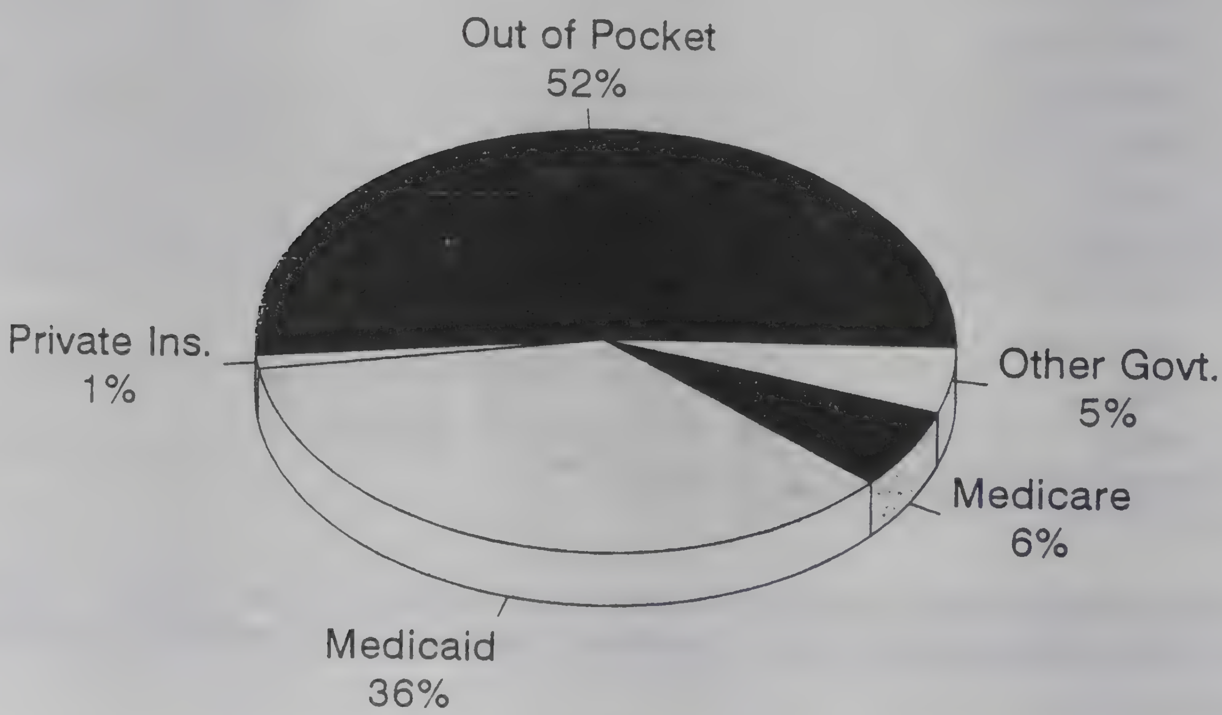
On the whole, the shift towards profit-driven health care carries with it the denial of health services to a vast majority of the population with its adverse consequences on the health of the nation.

WHO PAYS FOR HEALTH CARE? THE REGRESSIVITY OF U S HEALTH FINANCING



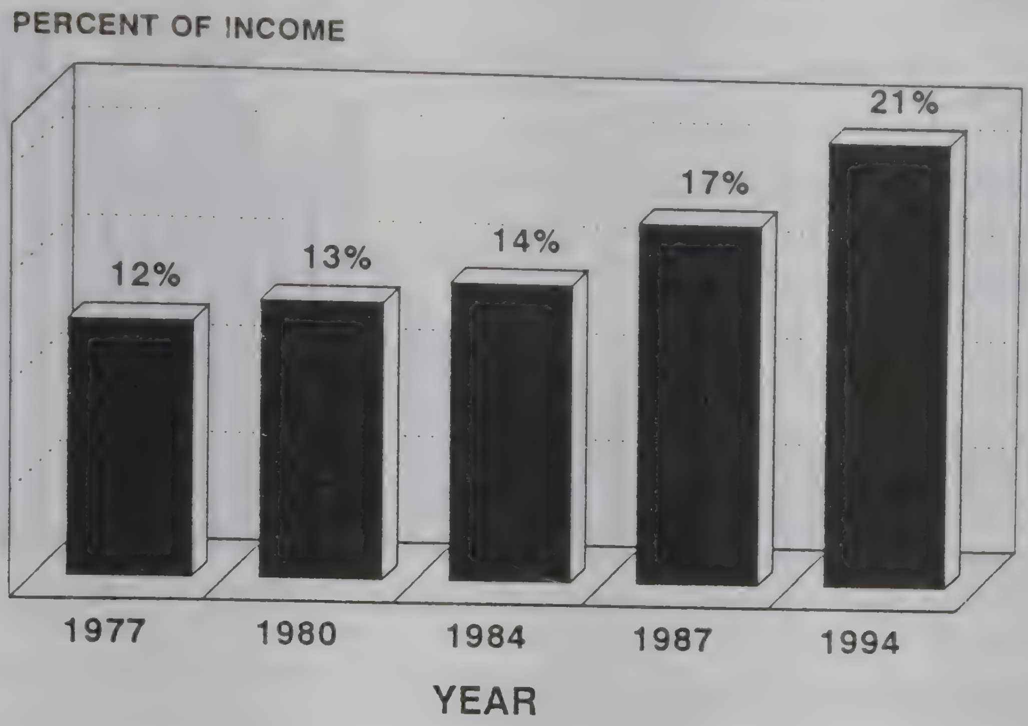
SOURCE: OXFORD REV ECON POL 1989;5(1):89

Who Pays for Long Term Care?



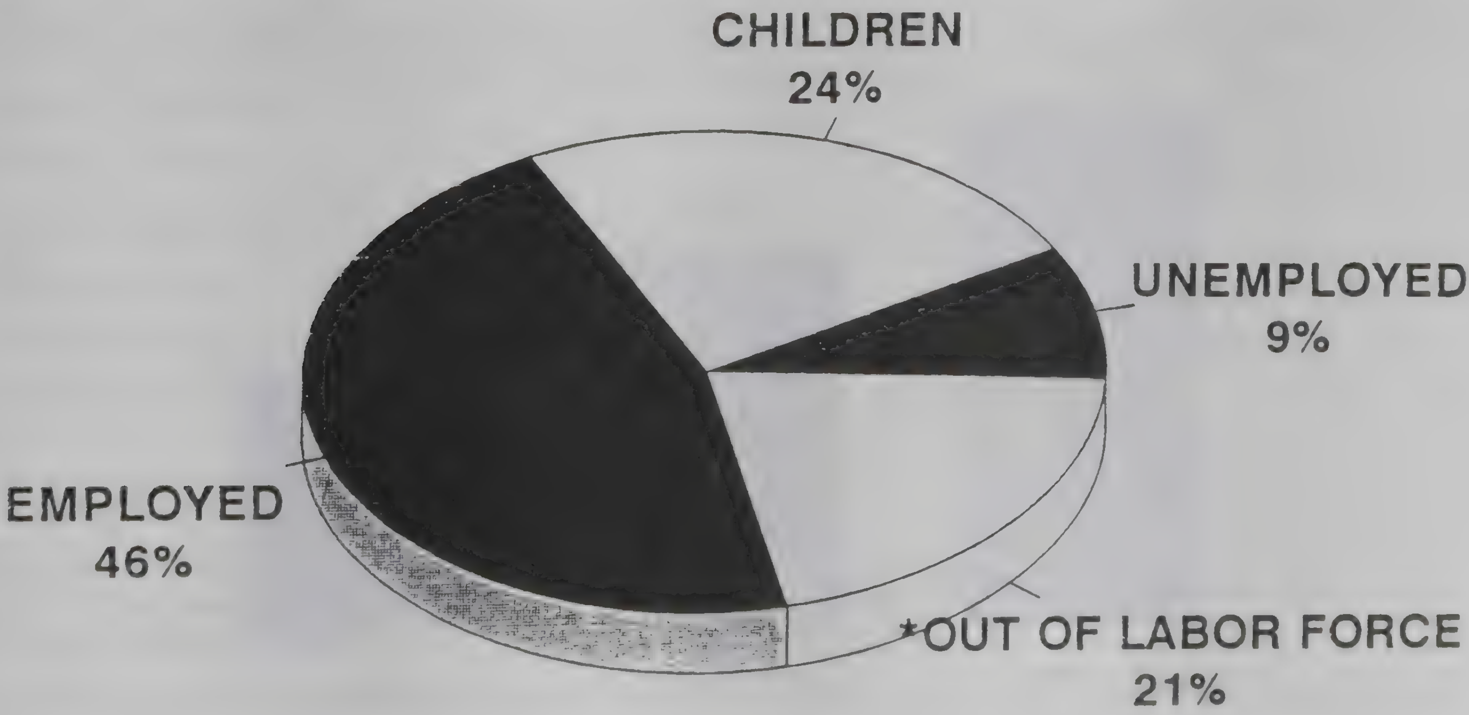
Source: U.S. Select Committee on Aging, 1989

RISING OUT-OF-POCKET HEALTH COSTS FOR SENIORS
(PERCENT OF INCOME, 1977-1994)



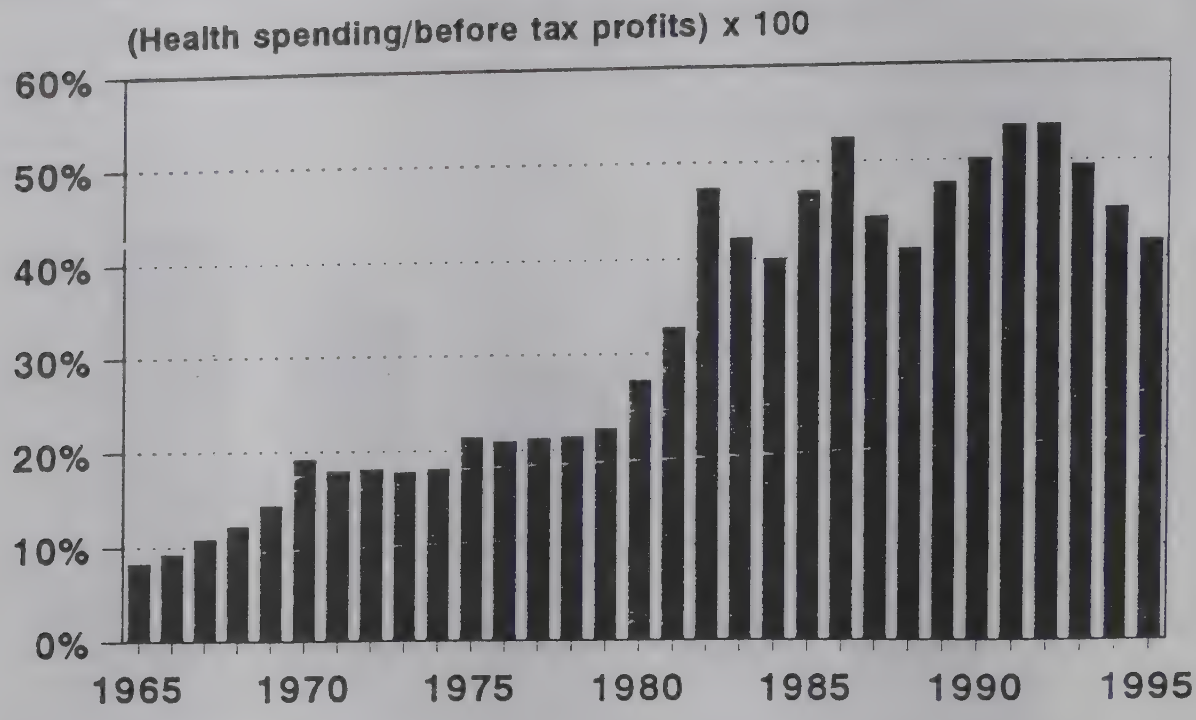
SOURCE: Senate Select Committee on Aging & AARP 4/95

WHO ARE THE UNINSURED?



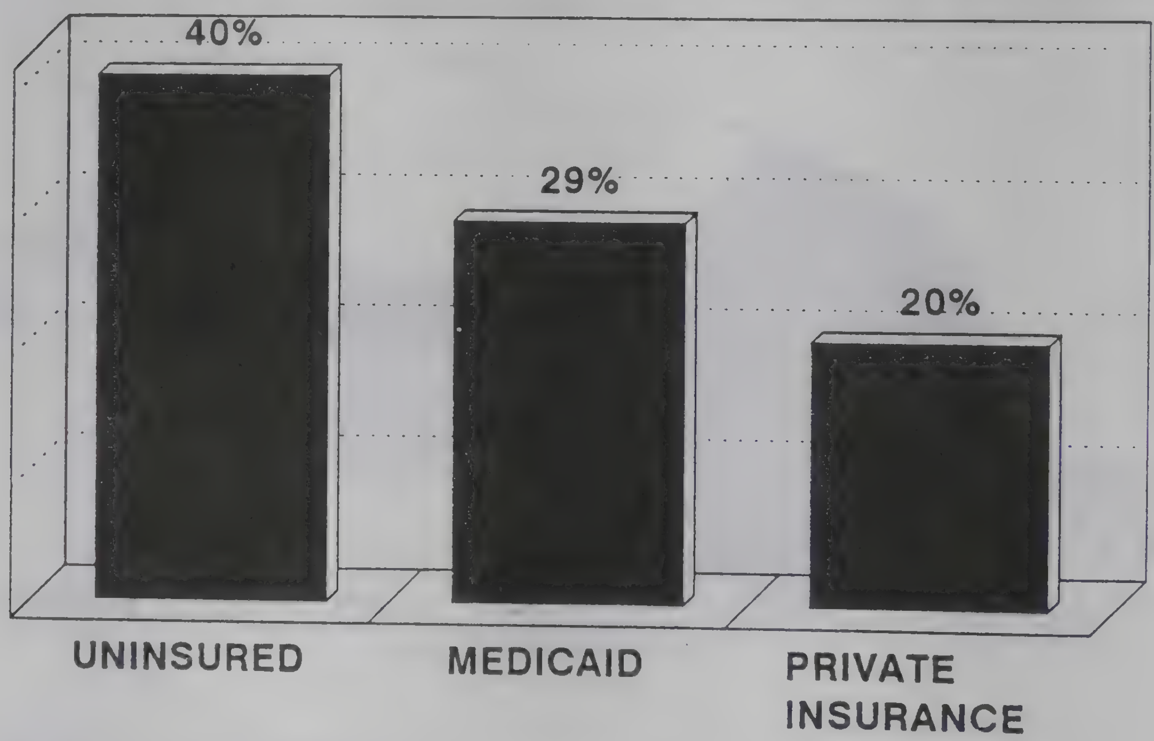
* STUDENTS>18, HOMEMAKERS, DISABLED, EARLY RETIREES

SOURCE: Himmelstein & Woolhandler, Tabulations CPS



Source: HCFA Office of the Actuary - 10/7/97

PERCENT OF ADVERSE EVENTS DUE TO NEGLIGENCE, BY PATIENT'S INSURANCE



SOURCE: Harvard Malpractice Study. JAMA 1992; 268:2383

9
KILLING LEARNING

How globalisation is commercialising education

Today our educational services are under threat of being determined by market forces reducing our teaching systems into a "for-profit" business. As part of its disinvestment programme the Government of India is moving towards privatisation of higher education.

Teaching and Preaching "FREE TRADE"

Bringing education under international trade rules has been high up on the US agenda, and so it was on the agenda for the WTO Third Ministerial Conference at Seattle. Despite the failure of the Seattle talks, the proponents of privatisation in our country would like to see the education sector dismantled by subjecting it to international competition. This is being effected through the operation of the General Agreement on Trade in Services (GATS). The GATS treats educational services as tradables, as if they were goods. Even though the definition of "services" (that excludes from its purview services provided under government authority and without commercial purpose) may suggest that education would be out of the operational scope of GATS. However, this is not true. Not many education systems fit within the definitional parameters as they are either not fully financed and administered by the State, or are not run without a commercial purpose.

As far as the education sector is concern, the implementation of GATS is limited, for the time being, to member countries whose governments agreed in 1994 to include this area in the Agreement, i.e. some 40 countries out of the total WTO member countries.

The language of the market

The very terminology used in the context of education indicates the commercial approach of the WTO to education: "the education market". Within the WTO, the education "market" has the following categories:

* Primary education
* Secondary education
* Higher education
* Adult education and
* Other educational services

HOW THE WTO RULES APPLY TO EDUCATION

The basic principles of GATT/WTO underlying the regulation of trade in goods have also been extended to trade in services under GATS. Accordingly, these principles (Most Favoured Nation and National Treatment) will also be applied to the education sector.

Most Favoured Nation By the application of this principle, all educational services being offered by foreign enterprise would have to be given like treatment in a non-discriminatory manner.

National Treatment By the application of this principle, the treatment given to domestic educational services would also be extended to like foreign services.

Government of India in tow

The Government is opening up the educational system of our country, despite India not having made any specific commitment to that effect at the WTO. The privatisation of premier technology institutions (IITs) in the country is on the anvil. The Government has "agreed to the idea in principle". In December 1999 the Prime Minister's Council on Trade and Industry (PMCTI) set up committees including one on private investment in education comprising Mukesh Ambani and Kumar Mangalam Birla, to "recommend implementable action points". The Government is also allowing "twinning agreements" - institutional arrangements providing a commercial presence - thus enabling (private) higher-education establishments from our country to offer courses leading to degrees issued by a foreign university. One such example in the country is that of the Ohio-Manipal University arrangement.

Sponsored by WORLD BANK

Of the total World Bank projects in India 12% are in the education sector. More and more money from the Bank is supplementing Government expenditure in the education sector in India. World Bank "investment" in this sector is merely a precursor to the privatisation of educational services. In the words of the World Bank Group Report: "Many of the programs the Bank supports in agriculture, infrastructure, energy and social sectors increasingly rely on the private sector to deliver services. The Bank aims to promote efficient private sector development by assisting the government in identifying the remaining constraints in infrastructure." The International Finance Corporation (IFC), the World Bank's private sector lending arm is now also focussing on education in India as a "strategic priority".

Privatisation of this sector would cause the control being given to a few investors. It would also imply an excessive market-oriented approach, elbowing out less remunerative subjects.

CHILDREN UP IN ARMS: Schoolchildren protest against the recent fee hike and commercialisation of education in New Delhi on Wednesday. *(PTI)*

DISMANTLING SCHOOLS AS CENTRES OF LEARNING, RESTRUCTURING SCHOOLS AS MARKETS

In going in tandem with the WTO logic to liberalise education, the Government of India is putting at risk our entire educational services. Liberalising this service sector will be tantamount to selling out our educational system to a handful of large transnational corporations. The quality and supply of these services by such TNCs is highly questionable. Such a situation would lead to increased dependence on foreign educational resources, acculturation caused by the use of a foreign language for teaching, a tendency to the standardisation of education and a curtailment of sovereignty. The increased commercialisation resulting from the trade-driven educational system will narrow the educational options to short-term skills required by TNCs and large areas of learning and skills vital for social needs will disappear. Already higher education in India is getting vocationalised with management education taking precedence over other disciplines. Further commercialised educational will increasingly exclude larger numbers of the poor and less privileged of society the right to education.

According to rough estimates there are 937 management institutes in India, of which only a third are recognised by the All India Council of Technical Education. India already has over three million executives in managerial positions without formal management education. The industry creates a demand for 25,000 management trainees annually.

To presume that private institutions would have greater accountability than the government run is only to look for a pretext to minimise the responsibility of the government to provide for one of its basic duties.

The latest trend in "reforming" education in India seems to be simply increasing computer literacy. As per a report in the Business Line private training institutions such as the National Institute of Information Technology (NIIT) command a larger budget than the University Grants Commission (UGC) does. The prospects in the near future are that private institutions with computers will flourish, leading to greater disparity between the rich and poor making only rich children (computer) "literate".

Moreover the ever-growing trend to replace teachers with computers, making the former dispensable, has serious implications for a large sector of the educated force. Reports from around the world show that increased privatisation leads to increased unemployment. The teachers in Orissa going without salaries and driven to commit suicide as a result and the Delhi University teachers protesting against the so-called reform process seem to go unnoticed by those taking "private" decisions on the education sector.

Selling our educational systems to those whose only motivation is maximisation of profit means that only those aspects of these systems that generate profits will be furthered. For example, the premier science institution - the Indian Institute of Science - has already been taken over by Monsanto - the genetic engineering and agri-chemicals giant.

Even Adam Smith, the father of capitalism and the free market had unequivocally stated that amongst the duties of the sovereign or commonwealth is that of erecting and maintaining those public institutions and those public works, which though they may be in the highest degree advantageous to a great society, are however, of such a nature that the profits could never repay the expense to any individual or small number of individuals.

UNFULFILLED PROMISES

The Constitution of India states as a Directive Principle of State Policy in Article 45 that the State shall endeavour to provide, within a period of ten years from the commencement of this Constitution, for free and compulsory education for all children until they complete the age of fourteen years.

The Constitution also mandates the State in its Article 46 to promote with special care the educational and economic interests of the weaker sections of then people.

> According to the Indian Ministry of Human Resource Development, a total of 1,80,000 new schools are required to provide education to all in country.

10

KILLING THE E-WAY

How globalisation promotes Information Technology to displace local economies, knowledge and culture

IT is the new buzzword of the global economy. The spread of IT is being characterised as a "knowledge society", even though the primary spread is for commerce.

As per the WTO Work Programme on electronic commerce, e-commerce is understood to mean the production, distribution, marketing, sale or delivery of goods and services by electronic means. A commercial transaction can be divided into three main stages: the advertising and searching stage, the ordering and payment stage and the delivery stage. Any or all of these may be carried out electronically and may therefore be covered by the concept of 'electronic commerce'. E-commerce is the commercial part of the Internet and is being projected to register growth at the level of several billions of dollars in the near future. Through the Internet there are three levels of transactions for trade:

* B2B (business-to-business)
* B2C (business-to-consumer)
* B2G (business-to-government)

In India e-commerce today is limited to B2B transactions.

THE US AGENDA

As part of the service agreement or in any other form, the US wants to maintain a deregulated global regime for e-commerce. It has made a priority of maintaining zero tariffs on the e-commerce and also opposes regulations that might in any way impede the growth of e-commerce. Therefore on its agenda for the WTO Third Ministerial Conference at Seattle as well, it sought to achieve a global ban on tariffs on products and services which can be delivered electronically via the Internet.

It is in the context of e-commerce that the developmental gap between the North and the South becomes most obvious. The minimum pre-requisites for e-commerce are a functioning modern telecommunication infrastructure, satisfactory distribution of electricity and access to computer hardware, software and service. The majority of producers and small traders in the Third World participate in local economies, through face-to-face transactions. They have no capital for telephones and computers. But e-commerce could displace them, by destroying their local economies. It must be noted that developing countries have little or no national experience or expertise in the field of e-commerce and they are yet to fully analyse the pros and cons of its development on their economies and societies. Due to these very disabilities the South is also unable to meaningfully participate in any negotiations that take place on this subject and therefore the say of the North dominates in laying down the rules, while ignoring the developmental implication for the countries of the South.

WHAT THE GOVERNMENT OF INDIA IS DOING

IT is often projected as an autonomous and unstoppable evolution of technology. However, laws and policies are necessary to promote technologies. Technological change does not just happen. It is designed and chosen, it is guided and supported. The Government of India has given crores of subsidies to the IT industry. A controversial Rs. 3,000 crore "Sankhaya Vahini" project for IT is proposed.

In 1998, the Ministry of Commerce floated two bills, i.e. the Electronic Commerce Support Act, and the Electronic Commerce Act. On the basis of these drafts, the Information Technology Bill, 1999 was introduced in Parliament in the winter session. This bill seeks to provide legal recognition for transactions carried out by means of electronic data interchange and other means of electronic communication, commonly referred to as "electronic commerce", which involve the use of alternatives to paper-based methods of communication and storage of information, to facilitate electronic filing of documents with the Government agencies and further to amend the Indian Penal Code, the Indian Evidence Act, 1872, the Banker's Book Evidence Act, 1891 and the Reserve Bank of India Act, 1934 and for matters connected therewith or incidental thereto. This bill is the first step towards e-commerce to the country. A Cyber Regulations Appellate Tribunal is also proposed to be set up. In India e-commerce today is limited to B2B for now, this bill hopes to facilitate B2C transactions. However, the bill makes no mention at all of how such e-transactions will be brought under the tax net.

Zero tariffs on e-transactions would mean less revenue collection for Government from the growing e-trade in products and services. This in turn implies less government money for public spending. The government has a crucial role to play in harnessing the benefits of e-commerce for those otherwise marginalised due to geographical, financial, technological or educational handicaps, or else it could be counter-productive and would only increase disparities within the country. It is premature and perhaps even irrelevant to talk of the advantages of a technology in a country where the telephone penetration is at a ridiculously low level. The much flouted scheme to set up cyber cafes in rural areas to let farmers know international prices of agricultural commodities is of little help when there is monopoly control on agricultural trade by a handful of US agribusiness corporations. What farmers need is fair trade and just prices, not quicker information about unjust prices which are threatening their very survival. The benefits of e-commerce for the rural poor in India are clearly being exaggerated. The costs meantime, go hidden.

How can a country where internet reaches 100 towns and cities, having less than 4,00,000 internet accounts and the largest private internet service provider reaches only 25 cities actually expect the masses to reap the benefits of the technology. That too in a country where there is a population of

950 mm spread over 5000 towns and cities and six lakh villages and the population grows by 22 mn every year.

E-commerce Turnovers are expected to be:

	1997	2001	2004
Total e-commerce	$ 10 bn	$ 220 bn	$ 1trn
B2B (Business-to-Business)	$ 7 bn	$ 165 bn	$ 800 bn
B2C (Business-to-Consumers)	$ 2.7 bn	$ 27 bn	$ 200 bn
Total Internet Population	22 mn	123 mn	800-1600 mn

(The Hindustan Times, Wednesday March 1, 2000)

11

KILLING KNOWLEDGE

How globalisation is promoting intellectual piracy and creating monopolies

TRIPs Agreement: A Background

India has signed the Agreement for the establishment of World Trade Organization (WTO) including the Agreement on Trade Related Intellectual Property Rights (TRIPs) in 1994. The WTO agreement has come into force on 1st January 1995.

The framework of the Agreement on TRIPs was conceived by the Intellectual Property Committee (a coalition of 12 major US corporations, namely, Bristol Myers, Dupont, General Electric, General Motors, Hewlett Packard, IBM, Johnson and Johnson, Merck, Monsanto, Pfizer, Rockwell and Warner), Keidanren (a federation of economic organisations in Japan) and the Union of Industrial and Employees Confederations (recognised as an official spokesperson for European business and industry). The draft prepared by these three groups was submitted to the GATT Secretariat and was eventually presented by the former GATT Secretary General, Mr. Arthur Dunkel, to the participants of the Uruguay Round as a non-negotiable package. This background to the TRIPs drafting process explains why it is heavily biased in favour of the patent holder patentees and the transnational companies (TNC's).

There are 7 kinds of "Intellectual Property" that are covered by the TRIPs Agreement. These are:

Patents,

Trademarks,

Industrial Design,

Protection of Geographical Indications,

Protection of Undisclosed Information,

Layout designs (Topographies) of Integrated Circuits,

Copyrights, covering literary, artistic, musical, photographic and audio-visual works.

While all signatory countries have one year to apply the provisions of TRIPs, developing countries, whose legal systems do not provide for the granting of product patents in certain areas are entitled to avail of the Transitional Arrangements embodied in Article 65(2) and (4) of TRIPs, which provides for a total of 10 years of transitional period from 1995. Being a developing country whose laws do not provide for the granting of product patents in all areas of technology, India has time until 1.1.2005 to make its laws TRIPs' compliant.

Those countries availing of the transitional period are also required to fulfil the obligations laid down in Articles 70(8) and 70(9) of TRIPs to provide 'pipeline' protection in the form of a 'mailbox' which has to accept applications for product patents in respect of pharmaceuticals and agricultural chemical products from 1.1.1995 onwards. As part of pipeline protection, a member country availing of the transition period has to grant Exclusive Marketing Rights (EMRs) for products that satisfy the conditions laid down in Art. 70(9). India has already implemented this by amending the Indian Patent Act 1970 in March 1999 and have provided for the EMR's without being considerate to the public interest, public health, national interest and the Constitution.

In response to this hasty action by the government to implement TRIPs, the public interest groups like Research Foundation for Science, Technology and Ecology along with farmers unions and mass

movements challenged this anti nation and anti people Act, through Public Interest Litigation, in the Supreme Court of India. In the challenge we said that the Act has been enacted, without availing the exemptions under the GATT/ TRIPs on the ground of public health, food security, public interest and above all the national interest. It also says that the manner, in which the Act has been brought, with complete awareness that its provisions are against public and national interest, is nothing but a fraud on the Constitution. It is clear that the provisions of the Act are not only per se unconstitutional but cannot be accepted by a Sovereign Democratic Republic.

Just after that the Indian Drugs Manufacturers Association (IDMA) field another PIL in the Bombay High Court against the Patent (Amendment) Rules, 1999. And in March 2000 the Bombay High Court ruled against the Patent (Amendment) Rules.

Disregarding the two legal cases against the Patent (Amendment) Act and the Rules, and the implementation of TRIPs as *sub-judice*, the BJP coalition government has rushed again with the implementation of the WTO agenda and has passed four Intellectual Property Rights related Acts in December 1999, which would have far reaching consequences for the basic needs, employment and civil liberties of the people. These are Trademarks Act, Design Act, Protection of Geographical Indications Act and the Copyrights Act. The two most important IPR Bills, the Patent (Second Amendment) Bill, 1999, and Protection of Plant Varieties and Farmers Rights Bill, 1999, have been referred to Joint Select Committees of the Parliament.

TRIPs Implementation and the TRIPs Review

TRIPs for Biopiracy

The primary justification given by the government for the hasty action for the implementation of TRIPs is that according to the WTO/ TRIPs these laws need to be introduced before 1 January 2000.

1. However, the TRIPs Agreement itself is under Review.
2. The TRIPs agreement does not take "prior art" and existing innovations of other people into account, which national laws including those of the US are forced to consider.
3. TRIPs Agreement allows patenting on life through the Art 27.3 which itself is under special Review.

When TRIPs was forced on countries during the Uruguay Round, many issues of public concern were totally bypassed and the full ethical, ecological and economic implications of patenting life were not discussed. Third World countries were coerced into accepting the western style IPR system. However, public interest groups showed that these systems were strong to establish corporate monopolies globally, but they were weak to protect indigenous knowledge and prevent biopiracy. They were 'advanced' means for taking away the resources of the poor, and stealing the knowledge of our grandmothers. But they were primitive when viewed from the perspective of justice, equality and cross-cultural respect.

As a result of sustained public pressure, after the agreement came into force, in 1995, many Third World countries have made their recommendations for changes in Article 27.3 (b) to prevent Biopiracy.

India in its discussion paper submitted to the TRIPs Council in Geneva, prior to the WTO Third Ministerial Conference at Seattle, stated on patenting of life forms:

> Patenting of life forms may have at least two dimensions. Firstly, there is the ethical question of the extent of private ownership that could be extended to life forms. The second dimension

relates to the use of IPRs concept as understood in the industrialised world and its appropriateness in the face of the larger dimension of rights on knowledge, their ownership, use, transfer and dissemination. Informal systems e.g. The 'shrutis' and 'smritis' in the Indian tradition and grand mother's potions all over the world get scant to recognition. To create systems that fail to address this issue can have severe adverse consequences on mankind, some say even leading to extinction.

Clearly there is a case for re-examining the need to grant patents on life forms everywhere in the world.

The TRIPs Review

Article 71.1 requires that in the year 2000 the implementation of TRIPs itself be reviewed, and if necessary, the TRIPs Agreement itself be amended in the light of any relevant new developments which might warrant its modification or amendment.

The African countries and the Central American countries are consistently demanding for a TRIPs review, which is being delayed and denied by the US, and instead putting pressure on the countries for the implementation of TRIPs. The Africans and the Central American countries have also demanded, in their position paper to WTO, a five year delay in the implementation of TRIPs. In early 1999, Research Foundation for Science, Technology and Ecology, a leading research group in India, has also demanded for a five years freeze of TRIPs Agreement.

As a Third World country, India's interest lies in working with other developing countries to change the IPR systems being globalised through TRIPs, which is biased in favour of the rich industrialised countries and global corporations. Since changing TRIPs is part of our right, there is absolutely no justification for implementing it in its present form.

The TRIPs Agreement of the WTO is a globalisation of US style patent laws, which encourage Biopiracy, the patenting of centuries old indigenous knowledge as "novel inventions". Biopiracy occurs because US Patent Laws (Section 102) and TRIPs fail to take the "prior art" and existing innovations of other countries into account in the granting of patents and do not allow alternate sui generis systems for the protection of traditional knowledge.

TRIPs adopts Patents on Life and monopolises Communities Knowledge

A next major flaw with TRIPs, which is also rooted in using US Patent as the model law, is the introduction of patents on life forms through Article 27.3 (b). This Article was supposed to be reviewed during the last WTO Seattle Ministerial Conference.

Bolivia, Columbia, Ecuador, Nicaragua and Peru have made a proposal on the Protection of the Intellectual Property Rights relating to the Traditional Knowledge of local and indigenous communities.

This paper states:

> The entire modern evolution of intellectual property has been framed by principles and systems which have tended to leave aside a large sector of human creativity, namely the traditional knowledge possessed by local and indigenous communities.

The group proposed that negotiations be initiated at the WTO Third Ministerial Conference at Seattle, with the view to establishing a multilateral legal framework that will grant effective protection to the expressions and manifestations of tradition knowledge.

The entire African group has also called for systems to protect traditional knowledge.

The African Group represented through the Organisation of African Unity (OAU) has also proposed that a footnote should be inserted to Article 27.3 (b) stating that any sui generis law for plant variety protection can provide for the protection of the innovations of indigenous and local farming communities in developing countries, consistent with the Convention on Biological Diversity and the International Undertaking on Plant Genetic Resources.

In spite of all of the Africa region, five countries in Central and Latin America and India calling for changes in 27.3(b) on the basis of their right to a review as built into the Agreement, the US and Europe are determined to block the reform of TRIPs and any attempt to stop Biopiracy. In a "Green room" consultation (the undemocratic structure of decision making in WTO) the powerful industrialised countries told Mike Moore, the Director General that they rejected all the proposals for the reform of TRIPs.

The African Group and India have also called for exclusion of life forms from patentability and for WTO to be subordinate to Convention on Biological Diversity (CBD). In fact, India has pleaded in its discussion paper that the implementation of obligation under CBD and that a system which ensures protection of environment, promote food security, health security and also farmer's rights should not be considered as dilution of the obligations under the TRIPs.

U.S. and Europe have rejected the developing country proposals related to 27.3 (b) on grounds that WTO cannot be subordinated to other international agreements which confirms the belief of the environment movement that in WTO issues environment are always sacrificed for trade.

Using WTO, the rich North is committed to protecting corporate monopoly rights at any cost, even if this means undermining protections for nature and people guaranteed by International Agreements and National Constitutions.

US : Promoter of Biopiracy and Patent on Life

In its submission related to the TRIPs review, the US has stated categorically that it

> believes that an exception to patentability, authorised by Article 27.3 (b) is unnecessary and therefore, treats plants and animals and non-biological and microbiological processes as patentable subject matter under its law.

The US is, therefore, committed to patents on life in order to defend its Biotech industry. But having opened the flood gate to treating life forms and these modifications as patentable, the U.S. patent office started to grant patents not just to GMOs (genetically modified organisms) but to process and products derived from biodiversity using indigenous knowledge. This is how patents on neem, karela, basmati have been given in the U.S.

Instead of recognising that it is promoting piracy and changing its laws to prevent its practice, the US has rejected all Third World proposals for the recognition and protection of indigenous knowledge.

Instead of correcting the deficiencies in TRIPs and US style patent laws, the US would like to maintain the structures and laws that promote biopiracy at the global level. Instead of changing the laws at the International level and in the US which allow pirated knowledge to be treated as an "invention", the US wants the Third World to write contracts with the "Biopirates".

Seattle : A turn around on Biopiracy and implementation of TRIPs

Biopiracy is intellectual and cultural rape. It is the slavery of the new millennium. And there is only one way to stop it - to criminalise it and make it illegal in international law through reforming TRIPs. Anything short of stopping Biopiracy through TRIPs reform is participation in a crime against nature and the poor.

Given the ongoing review of TRIPs, the collapse of the Seattle Round of WTO and the worldwide challenge to US patent laws, the Government of India is not justified in rushing through with bad laws that are unnecessary, both in terms of their timing and content.

The Government is deceiving the nation, because while calling for exclusion for patents on life in the TRIPs review, it is hurriedly implementing legislation which allows patents on life and IPR monopolies in the vital sectors of food and medicine.

Instead of defending the public interest and the national interest, the Government seems to be implementing the IPR agenda as set by the US Government to further the interests of US corporations. Behind the smokescreen of contesting the US on labour clauses in WTO, the Government of India appears to have fully given in to the US on vital area of patents and IPRs. This could have been a deal made in Seattle.

Patents (Second Amendment) Bill, 1999: Promotes Biopiracy & Allows Patents on Life

Government of India has already amended the Patent Act 1970, in March 1999, and there is no need to again make amendment in the Patent Act, 1970, prior to the review. The Government's rush to introduce a second Patents Act amendment within the same year is not a response to TRIPs obligations but to the pressure of global pharmaceutical and agri-chemical and biotech industry.

The following key changes introduced through the Amendment Bill in the 1970 Act, highlight the bias in the Bill for the biotech industry which is being rejected worldwide by producers and consumers on grounds of ethics, ecological impacts and health hazards.

The definition of "invention"

The definition has been redrafted as:

(j) "invention" means a new product or process involving an inventive step and capable of industrial application and

(ja) "inventive step" means a feature that makes the invention not obvious to a person skilled in the art.

The reason given is that this in is consonance with international practices and consistent with TRIPs Agreement. However nowhere in TRIPs is the term "invention" is defined.

Further in the review submissions made to the TRIPs Council the majority of Third World countries have asked for a change in TRIPs to ensure that no life form will be treated as an invention.

What is not an invention

The Second Amendment of the Patent Act, 1970 has clearly biased the Act in favour of monopolies over life forms in the hands of the biotech industry.

There are three key amendments that open the doors for such a monopoly:

1. Plants have been excluded from the domain of Article 3(i) as subject matter that will not be considered as an invention. [Clause d(ii) of Bill]
2. While plants and animals are mentioned as an exclusion, this is restricted to an ambiguously defined phrase "essentially biological processes for production and propagation of plants and animals". [Clause 4(e) of Bill]
3. Biochemical, biotechnological and microbiological processes have been defined as "chemical" processes, thus allowing animals and plants derived from biotechnology as patentable subject matter. [Clause 5 of Bill]

The Patent Amendment Bill is therefore FOR patenting of life.

This draft goes counter to India's submissions in the WTO for the review of TRIPs. It also undermines the efforts of African countries to exclude patents on life in the review of the TRIPs agreement. The Bill also counters the growing citizen call on "No patents on life".

Other elements of the Bill which threaten public interest are:

a) The reversal of burden of proof [Clause 50]
b) Applications for patents shall be kept secret for a period of eighteen months [Clause 11A]
c) Even though the existing TRIPs agreement gives upto the year 2004 for product patents in medicines and agri-chemicals the Bill is rushing product patents long before the required period, thus threatening to create monopolies in the vital sectors of food and medicine.

Article 27.3(b) of TRIPs on which much of the Amendment is focussed is under review and there is no reason to rush into its implementation. India herself has asked for changes in the Article and it is nothing but double standards to call for a review at the international level and pushing for a bad law at the national level.

Plant Varieties Protection Bill: A Tool for Seed Monopolies

One of the most important Bill referred to the Joint Select Committee of the Parliament is the Protection for Plant Varieties and Farmers Rights Bill, 1999, (Bill no. 123 of 1999). The Protection of Plant Varieties and Farmers Rights Committee, headed by Shri Sahib Singh Verma, is holding public hearings in the state capitals to get peoples view on the proposed Act.

This Bill has been draft under the obligation of Art 27. 3 (b) of the TRIPs. This Article of the WTO/ TRIPs requires a *sui generis* system for plant varieties. Article 27. 3 (b) of TRIPs states,

> Parties may exclude from patentability plants and animals other than microorganisms, and essentially biological processes for the production of plants or animals other than non-biological and microbiological processes. However, parties shall provide for the protection of plant varieties either by patents or by an effective sui generis system or by any combination thereof. This provision shall be reviewed four years after the entry into force of the Agreement establishing the WTO.

The 1999 PVP bill is based on the Union for the Protection of New Varieties of Plant (UPOV) 1978 model. The Indian government has been consistently pressurised to sign the UPOV Convention, which merely safeguards the interest of the industriased nations and their monopolistic seeds corporations. The UPOV 1978 and the 1991 model are both grossly inappropriate for India because here farmers are the breeders. UPOV does not recognise or protect farmers rights as positive rights and does not recognise farmers as breeders. UPOV only recognise them as

producers. In our country where farmers have bred thousands of varieties and still continue to do so, a PVP law based on UPOV model would negate their contribution.

However, the sui *generis* systems could also be legal systems centred on farmers' rights and on the conservation of biodiversity, in accordance with principles of the Convention on Biological Diversity (CBD).

The TRIPs text should not be interpreted as requiring the UPOV system of breeders' rights as the only sui generis option. Further, it is totally misleading to suggest that acceding to UPOV 78 means avoiding UPOV 91. Firstly all industrialised countries have already introduced UPOV 91 consistent laws at the national level. Therefore, if India accepts industrialised country standards for plant variety protection, then it will be the 91 standard that will be demanded by the industrialised countries. Furthermore, the draft act has in any case introduced core elements of UPOV 91 e.g. the category of essentially derived varieties. The UPOV system is in any case totally inappropriate for us since it has been evolved in the industrialised countries context. It is not suited to our conditions of peasant agriculture, in which 80% of the seed supply is still farmers seed supply. The real basis of farmers rights is in the recognition of the collective innovation by farming communities embodied in farmers varieties, and evolving a jurisprudence that protects and rewards this collective jurisprudence.

UPOV, and the present PVP draft, define a plant variety on the basis of criteria of novelty, distinctness, uniformity and stability. The uniformity criteria have led to ecological vulnerability and displacement of diversity. The introduction of uniform varieties was identified by governments as the most significant source of biodiversity erosion in agriculture in the state of Plant Genetic Resources at Leipzig.

Participatory breeding with farmers results in totally different breeding criteria such as complexity, diversity, and adaptability. Therefore, the draft act does not cover the full range of breeding strategies available and necessary for sustained yields and food security.

Through the recent PVP draft Act, the multinational seed industries are seeking total control of seed, the first link in the food chain. And through control over seed, they control the food system. If all farmers, who are the original breeders, could be forced into the market every year, the seed industry will have a $7.5 billion market. The impact of the new seed laws needs to be assessed in the context of the monopolies already in place in the industrialised countries.

Not only is the seed industry gaining total control over seed supply, it is also getting increasingly concentrated. As Robert Farley of Monsanto has stated: "What you're seeing is not just a consolidation of seed companies, it's really a consolidation of the entire food chain."

The PVP Act would prove to be an effective tool through which the consolidation of seed companies over Indian agriculture would accomplish.

As Bill Frieberg, editor of Biotech Reporter says,

> Big agricultural company profits will need to be squeezed out of farmers, one way or the other. And there's only so much blood that can be squeezed out of the proverbial turnip.

The stronger the rights of TNCs, the weaker are the rights of farmers since it is the erosion of farmers rights which creates TNC monopolies.

The TRIPs Agreement of the WTO is the global instrument that the biotech industry has used for gaining monopoly control over seed supply. As James Enyart, the Monsanto spokesperson has stated about shaping the TRIPs agreement; "We were the physician, the diagnostician, and patient all in one".

Seed saving and seed exchange: a criminal activity

The recent PVP draft Act would undermine Farmers' Rights and create seed monopolies. In India farmers have been the original breeders and seed supply has been based on farmer's contribution to conservation, breeding and utilisation of diverse species and crop varieties.

70% of the seed supply is still farmers' seed supply in his country. In most industrialised countries, most farmers depend on the seed industry. However, until recently, they could save seed and exchange seed among each other, under what was called the 'farmers' privilege'. Recent changes in plant legislation in Europe and the US have however, allowed the seed industry to take away the last remnants of farmers' freedom and enslaved them to the seed industry.

Farmers have been pushed into a situation of total lack of freedom to exercise their role as breeders, or as members of a community or producers, freely saving and exchanging plant material.

On the other hand, seed legislation pushes out farmers' varieties and makes farmers' breeding an illegal activity. The case of farmer Josef Albrecht in Germany and potato seed farmers in Scotland are examples of how Seed Acts prevent farmers from engaging in their own seed production. Josef Albrecht, an organic farmer of Oberding in Bavaria, developed his own ecological varieties of wheat and exchanged it with fellow farmers. He was fined by the government of Upper Bavaria because he traded in uncertified seed. Farmer Albreht challenged the penalty and the Seed Act because he felt restricted in freely exercising his occupation and recently he win the case.

In Scotland, until early 1990s, the seed potato growers were freely selling the reproductive material on to other seed potato growers, to merchants, or to farmers. Since 1990s plant breeders' rights holders started issuing notices to potato seed growers through the British Society of Plant Breeders, and made selling of seed potato by farmers to other farmers illegal. These growers had to grow varieties under contract to the seed industry which specified the price at which the contracting company would take back the crop, and barred growers from selling the crop to anyone. The companies started to reduce the acreage and the prices. The industry were selling seed potato, bought from Scottish farmers for one hundred and forty pounds sterling, for more than double the cost price to English farmers, whilst the two sets of farmers were prevented from dealing directly with each other. The seed potato growers filed a petition against the stranglehold of a few companies acting as a 'cartel' and also started to sell non-certified seed directly to English farmers. The seed industry claimed they were loosing four million pounds sterling in seed sales due to the farmer to farmer exchange. In February 1995, the British Society sued the farmers from Aberdeenshire and they were forced to pay 30,000 pounds sterling as compensation to cover royalties lost to the seed industry due to farmer to farmer.

Existing United Kingdom and European Union laws thus prevent farmers from exchanging uncertified seed as well as protected varieties. In the US also, farmer to farmer exchange has been made illegal, as established by the case filed by Asgrow Seed Company, now owned by Monsanto, and the Winterboers.

Dennis and Becky Winterboer are farmers owning a 500 acres farm in Lowa. Since 1987, the Winterboers have derived a sizable portion of their income from 'brown bagging' sales of their crops to other farmers to use as seed. A 'brown bag' sale occurs when a farmer plant seed in his own field, and then sells the harvest as seed to other farmers. Asgrow (which has plant variety protection for its soybean seeds - A1957 and A2234) started a court case against the Winterboers, on grounds that its property rights were being violated. The Winterboers argued that under the Plant Variety Act, farmers had the right to sell seed, provided that both the farmer and seller were farmers. However, the Supreme Court disagreed and interpreted marketing as holding forth property for sale, and hence ruled against the Winterboers.

Moreover, in 1994, the Plant Variety Act was amended, and the farmers' privilege to save and exchange seed was amended through Statutes 3136 and 3142, establishing absolute monopoly of the seed industry by making farmer to farmer exchange and sales illegal.

The absolute rights of the seed industry and the absolute lack of rights for farmers has been further established in Monsanto's "Round-Up-Ready Gene Agreement" for Round-Up Ready Soybeans. The agreement is meant to enforce US Patents 4,535,060, 4,040,835 and 532,505. The agreement prevents the grower from selling or supplying the seed or material derived from it to any other person or entity or saving any of the seed. If any clause is violated, the grower has to pay one hundred times the damages, and this is not deemed to limit the amount of damages. Monsanto has a right to visit the fields of the farmer at any time even without the farmers' presence or permission for three years after the agreement. The agreement is binding even on heirs and personal representatives of successors of growers, but growers' rights cannot be transferred without Monsanto's permission.

In addition, the agreement has no liability clause and no reference on the performance of Round-Up Ready soybeans. Monsanto has no responsibility in case they fail to perform as promised, or the ecological damage caused by Round-Up. The Round-Up Ready gene agreement is thus the latest step in the seed industry claiming far reaching monopoly rights over seeds and farmers. This one sided system in which seed companies have all the rights and bear no social or environmental responsibility and farmers and citizens have no rights but bear all the risks and costs, can neither protect biodiversity nor provide food security.

The monopolisation of seed through Plant Varieties Protection Act has become a matter of great concern even for the scientists. The scientists of International Rice Research Institute (IRRI), Manila, have expressed concern on the seeds monopolies through western IPR system (Economic Times - 21.02.2000). They said that "new laws allowing rice breeders to claim exclusive rights over seeds may benefit research but would also restrict sharing of new varieties of the grain that feeds half of the world". It's the monopolisation of knowledge that everybody worries about" said Mr. Kenneth Fischer, special advisor to IRRI.

In view of the above examples, it is therefore extremely essential for every member of our Parliament to discuss the Plant Variety Protection and Farmers Rights Bill, 1999 threadbare and amend those provisions of the Bill which are against the interests of our farmers, our food security and our biodiversity. Their opinions and decisions would thus determine the fate of the 70 percent of the Indian population who depend on farming for their life and livelihood. As representatives of the Indian people, we are hopeful that the Parliament would keep the concerns of Indian farmers and recognising them as breeders, conservers and preservers at the heart of the debate on the PVP Bill.

The Protection of Plant Varieties and Farmers Rights Bill, 1999

The latest PVP draft Act is pro TNCs and it is anti-farmer. This Act would promote piracy of our genetic wealth and crops diversity and the big seed companies would monopolise this knowledge and resources as they did with Basmati rice.

Though the draft Act talks about Farmers Rights in its title but in essence it has nothing which provides protection of farmers rights. Rather their rights as farmers, breeders and innovators of indigenous varieties have been completely negated and they are only recognised as cultivators in the proposed Act. Our farmers are breeders, conservors and cultivators. India has thousands of indigenous varieties of paddy, wheat and other crops, and all these have been bred by our farmers and local communities. But the draft Act completely denies them their rights as breeder.

Since the draft Act talks about Farmers Rights in its title, the objective of the Act should be to recognise, protect and support the inalienable rights of local communities including farming communities over their biological resources and crop varieties, knowledge and technologies. The right to save, use, exchange and sell farm-saved produce as propagating material are inalienable rights of our farmers and local communities and this should be recognised in the Protection of Plant Varieties and Farmers Rights Act.

In today's context of increased protectionism for transnational corporations there is an urgent need to recognise and implement farmers rights so that the protection of the agricultural genetic resources, intellectual and cultural heritage and the economic survival of farmers becomes the central issue of all new national IPR legislation.

The Convention on Biological Diversity (CBD), though not explicitly mentioning farmers' rights, states in its preamble that contracting parties recognise 'the close and traditional dependence of many indigenous and local communities embodying traditional lifestyles on biological resources, and the desirability of sharing equitable benefits arising from the use of traditional knowledge, innovations and practices, relevant to the conservation of biological diversity and sustainable use of its components'.

CBD is the international treaty that was signed at the Earth Summit in Rio de Janeiro in 1992. 175 countries are party to CBD though seven countries including the U.S. have not ratified it. CBD is a legally binding agreement for "the conservation of biological diversity, the sustainable use of its components and the fair and equitable sharing of the benefits arising of the utilisation of genetic resources, including by appropriate access to genetic resources and by appropriate transfer of relevant technologies. It also requires signatories to protect and promote the rights of communities, farmers and indigenous peoples vis-a-vis their customary use of biological resources and knowledge systems

But these objectives of conservation, sustainable utilisation and equitable benefit sharing are all undermined by the TRIPs agreement.

Since these issues of sovereignty, conservation, sustainable utilisation, equitable sharing of benefits and protection of indigenous knowledge are so important for every Third World countries, including India, which are rich in biodiversity and where people's livelihoods are dependent on biodiversity. It is therefore extremely urgent for the Indian Government to show the same eagerness and agility, as shown for the implementation of TRIPs, to implement the CBD, recognising the rights of the farmers and the local communities over their biodiversity, and pass the Biodiversity Protection Bill, as well as demand for the review of the TRIPs agreement and support the African and Central American countries in their demand for review.

12

KILLING DEMOCRACY

How globalisation undermines democratic governance

The new corporate totalitarianism

Economic policies since 1991 are examples of the tendency towards globalisation. The policies are the result of the World Bank - IMF dictated Structural Adjustment Programme. The process of globalisation has been accelerated with the completion of the Uruguay Round of GATT and the establishment of the World Trade Organisation (WTO) and the implementation of its policies in the last five years.

We are witnessing the simultaneous growth of two forces - one of globalisation, the other of localisation, one driven by global corporations, the other driven by citizens, one moving economic decision making upwards and outwards and the other moving it downwards towards to local level.

Globalisation has rendered the relationship between the community, the state and the corporation fluid or, to use Marc Nerfin's colourful categories, the relationship between the citizen, the prince and the merchant.

The appeal of globalisation is usually based on the idea that it implies less red tape, less centralisation and less bureaucratic control. It is celebrated because it implies the erosion of the state.

Globalisation does mean "less government" for regulation of business and commerce. But less government for commerce and corporations can go hand in hand with more government in the lives of the people. As globalisation allows increasing transfer of the resources from the public domain - either under the control of communities, or that of the state - discontent and dissent necessarily increase, leading to law and order problems. In such a situation, even a minimalist state restricted only to policing and law and order will become enormously large and all-pervasive, devouring much of the wealth of socity and intruding into every aspect of citizens' lives. This was evident in the 2000 budget announced by the Indian Finance Minister. Food prices in the public distribution system were doubled to cut food subsidies. Meantime, the military budget was increased by 20% to $ 13 billion.

Globalisation and the Erosion of Democracy

Most of the ideological projection of globalisation has focussed on the new relationship of the prince and the merchant, the state and the corporation, the government and the market. The state has been stepping back more and more from the regulation of commerce and capital. Reflecting this ideology of deregulation, our erstwhile Finance Minister Manmohan Singh has stated that, "Power should move to the Boardroom" i.e. from the state to the corporations. However, the shift from the rule of the nation-state to that of the corporations does not imply more power to the people. If anything, it implies less power in the hands of people both because corporations, especially transnational corporations, are more powerful than governments and also because they are less accountable than governments to democratic control.

Globalisation has therefore implied the erosion of democracy which includes the inability of the political system to protect people's basic economic rights. When globalisation clashes with peoples' rights, it is the latter that are systematically being sacrificed even in so-called democracies, which are meant to reflect the peoples' will and the peoples' interests.

For example, one of the inevitable results of free trade policies is the rise of food prices in the Third World. This is, in fact, part of the policy of globalisation. The World Bank has stated that India

should allow agricultural as well as farmgate prices to increase by linking them more closely with world prices by eliminating controls on international trade and phasing out controls on domestic trade, such as movement and storage controls, and pan-territorial and pan-seasonal pricing for rice and wheat distributed through the Targeted Public Distribution System.

When prices rise and incomes go down, food insecurity is inevitable. During 1998, when prices of essential commodities rose in India, protests started. Onion prices shot up from Rs.2/- per kg., to Rs.100/- per kg. The Congress party, currently in opposition, took the onion as a symbol for the regional elections. It won in 3 states, and the elections were dubbed the "onion" elections. Despite the loss of these states, on 30th November 1998, the Prime Minister of India, Atal Behari Vajpayee addressed the World Economic Forum's India Economic Summit. He reassured the global business leaders that their interests would be protected. As he put it, "the democratic drama of the day will not derail reforms". Democracy is thus reduced to a local 'drama' in the process of globalisation.

Globalisation or 'economic reforms' were first introduced by the Congress Party Government of P.V. Narasimha Rao in 1991. The people rejected the globalisation agenda by throwing out the Congress Party. The United Front came into power in 1996 on the basis of a critique of the reform process, but immediately accelerated it. When the coalition government fell, the BJP's (Bharatiya Janta Party) manifesto included a commitment to protect people's livelihoods; the BJP with its coalition partners was voted into Parliament on an anti-globalisation mandate.

However, every anti-people policy that the Congress Party had tried but failed to introduce has been rushed through by the BJP coalition. The Insurance Act, the Patent Amendment Act, free-trade in agriculture, free investment in the anti-social sectors of tobacco and liquor have been some of the landmark anti-national decisions our nationalist party has made. Since trade liberalisation was introduced in 1991 through the new economic policies, the people of India have voted consistently against these economic reforms, which are destroying livelihoods denying Indian people their basic needs.

Atal Behari Vajpayee's statement that "our party has depoliticised the economic agenda" is nothing less than an admission that democracy is dead. In a democracy, the economic agenda is the political agenda. People vote for parties on the basis of their commitment to economic policies promoting the people's wellbeing.

Decisions on economic affairs are moving out of the national sovereign space and beyond the control of people. For example while the Planning Commission is being marginalised, business and industry leaders have been asked by the Prime Minister to "recommend implementable action points" on vital sectors such as education, health, finance, telecom, disinvestment, power and rurel development. Decision making is clearly moving to the Boardroom.

At the global level decisions are being controlled by global structures, such as the WTO, World Bank and IMF; these in turn act to promote and protect the interests of MNCs. National democracy is thus emptied of its economic content and reduced to an empty shell. Elections become rituals. Politics emptied of its economic core increasingly shift from basic needs and economic justice to caste, religion and ethnic conflict. When politicians cannot influence economic processes, they shift their popular power base to the policy of 'divide and rule'. The politics of fundamentalism, facism and communal strife fills the vacuum created by the death of democracy. Civil strife and social disintegration is the ultimate logic of politics without economic content.

As Indian citizens, we can either sink deeper into despair and disintegration, or we can reconnect politics with the economy. This is the real meaning of Gandhi's *Swadeshi*. Gandhi dreamed of an economic freedom in which everyone had a livelihood and could be free of want. Globalisation is forcing the government to undermine economic democracy and the economic security of the

majority of Indians. The protection of people's economic rights means trimming back the absolute rights and monopolies that the MNCs are seeking. It also means changing the rules of WTO, which is dismantling the Indian economy to create opportunities for foreign investors.

The erosion of power of the nation-state from outside and above leads to a concentration of power in the hands of corporations. It does not devolve power to the people. It does not move power downward into the hands of communities. In fact, it takes power away from the local level, and transforms institutions of the state from being protectors of the health and rights of people to protectors of the property and profits of corporations. This creates an inverted state, a state more committed to the protection of foreign investment and less to the protection of the citizens of the country. The inversion of the state is well exemplified in a proposal that announces that foreign security experts would train Indian police to protect the 'life and property of foreign investors".

The people are quite literally left to the mercy of the market forces. It is in such a milieu that they are forced to organise themselves in defence of their life and livelihoods.

If the present economic system can do no better than deepen the divide between the rich and the poor, between those participating in the global market and those excluded from it and pushed out of their local economies to make way for it. It is best to change it. GLP in India is only furthering disparities (between the haves and the have-nots) and thus creating new polarisations. It has no solution for poverty. As per the figures published in the Economic Survey 1999-2000, for the year 1993-94, on the basis of National Sample Survey (NSS), 320 million people were below the poverty line, today the extent of poverty in the country is much more. While Management Institute graduates are getting Rs.2,00,000 per month, the incomes of farmers have been halved by falling prices of agricultural products and fallen way below the cost of production.

The agenda of GLP is being furthered in India with such single-minded focus that anything coming in the way is being subject to change. So it is with the Constitution of India. The Constitution of India is currently being reviewed with the possibility that elements that commit the state to justice will be changed.

Review Policies of the Unholy Trinity, Not the Indian Constitution

The proposed review of the Constitution of India can either reiterate the ideals that it stands for which are the defence of the Fundamental Rights of her people. Or the review can facilitate the GLP policies. Changes in law and policy in the Indian Legal System are being initiated on the pretext that these are warranted by the country's treaty obligations, especially the WTO. It must be borne in mind that as a founder-member of the WTO, India has every right to initiate changes in the WTO itself, where its implementation is detrimental to the interests of the vast majority of the Indian populace, rather than having to adapt the fundamentals of its polity as enshrined in the highest law of the land - the Constitution of India. It is the WTO and policies of the World Bank and IMF that need review, not the Indian Constitution.

If at all the Constitution has to be amended the single-point agenda for the change ought to be that **no international treaty can be implemented without parliamentary approval.**

The basic structure of the Constitution of India i.e. the Fundamental Rights, Directive Principles of State Policy and the federal system of governance are sacrosanct.

The amending of national laws that affect the Fundamental Rights of Indian citizens by the State, not on the basis of peoples' participation and public debate, but at the behest of international institutions with unwarranted haste, epitomises the subversion of national decision-making, the repudiation of India's sovereign status and a violation of her democratic principles.

If we are to sustain an economy of dignity for the people of India, we have to breathe life into our democracy. The people must matter, power must return to them. They must have say in the decisions that impact their everyday lives.

Towards Economic Democracy

Jaiv Panchayat: The Living Democracy Movement

In an assertion of democracy at the rural level, organised members of the Gram Sabha of village Augustyamuni, District Rudraprayag, Garhwal, Uttar Pradesh declared their sovereign rights over the biological resources in their region and at a ceremony held on World Environment Day on 5th June 1999 pledged not to let any destructive elements unjustly exploit and monopolise these resources through illegal means. So that in our communities and country we can truly establish a living people's democracy wherein each and every individual can associate herself/himself with the conservation, sustainable and just use of these biological resources in her/his everyday practical living.

More than 2000 village communities have organised themselves as local living democracies. The Jaiv Panchayats constituted purely as a peoples' initiative, sent notices to the WTO Director General and the CEOs of MNCs patenting the knowledge of their communities warning them to stop doing so and asking for a review of the WTO TRIPs Agreement that legitimised such biopiracy.

The Living Democracy Movement is one of the many alternatives being tried to reclaim and rebuild democracy through the assertion of people's sovereignty. The corrections to a top-heavy state-dominated structure of decision making characteristic of the last fifty years of India's economic development can only come by handing power back to the people, not by appropriating the remaining sovereign spaces of people's economies and handing them to global corporations acting in partnership with Indian business and industry.

> Prof. Madhu Dandavate: In a country like ours, where a substantial portion of population lives below the poverty line, even the second generation reforms, under the strategy of globalisation, liberalisation and privatisation will only lead to development of economy that will mostly be restricted to the creamy layers. The trickle-down theory of development will not allow much of the benefits to flow downwards in any substantial measure to the poor in the states and further down to the grass root level of Panchayat Raj Institutions.

The President of India in his address to the nation on the eve of the Republic Day:

> *Our three-way fast lane of liberalisation, privatisation and globalisation must provide safe pedestrian crossings for the unempowered India also, so that it too can move towards "Equality of Status and Opportunity".*

The "licence to kill" vs. "right to live"

All forms of governance recognise the obligation of the State to promote equity justice and sustainability. The sovereignty of our nation, social justice, the livelihoods of our people and their rights to vital resources like seeds, water and land are being sacrificed today at the altar of globalisation. In today's global market the value of Third World countries is being reduced to providing slave labour and other raw material to feed the economies of the industrialised countries.

Globalisation as the expansion of the economic space controlled by corporations, therefore, runs into conflict with the democratic space for citizens to determine and influence the conditions for their health and well-being and their right to ecological space for survival.

Globalisation is creating more freedom for corporations. But this is translating into less freedom for people. Deregulation of trade and commerce is not leading to reduced interference by the state in the lives of citizens. It is in fact creating more regulation in the lives of people. The end of the "license raj" might only mean more freedom for corporations to invest freely. But it also heralds the beginning of a new "licence raj" in which governments are forced to play a new role of interfering in the lives of citizens who were free - small producers, the farmers, craftspeople - to protect the markets of big corporations.

Our Constitution guarantees us the right to life as a Fundamental Right (Article 19). The right to life includes the right to livelihood and the right to resources which provide a means of sustenance to the people. Biodiversity and water are vital resources necessary for the survival of people. In an economic democracy they cannot be the private property of corporations but must remain the common property of the people.

In democracies, governments have an obligation to protect people's rights and shape economic policies that protect livelihoods, jobs and employment. People's livelihoods cannot be sacrificed for the growth of profits. Their economic systems which do not encroach on nature's sustainability and the ecological space for other people's survival cannot be rendered illegal, just to create market opportunities for global corporations. The Unholy Trinity and the Government of India cannot destroy people's livelihoods and life support systems. People's lives and livelihoods cannot be traded away for a perverted and genocidal economic model.

The licence to kill must be revoked.